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FEDERAL FINANCES EXAMINED
AND CONSIDERED WITH REFERENCE TO THE PRESENT ISSUES OF PAPER
MONEY.*

It is somewhat remarkable, yet nevertheless true, that although the United States have existed eighty years as a nation, they have never had a regular financial system for the service of the government, the wants of which have been supplied in a manner by expedients, and these have generally been of that character which, in the progress of science, the nations of the Old World have gradually abandoned. The injurious influence of indirect taxes upon productive industry, and upon the general distribution of wealth in a community, have become recognized by statesmen whose efforts have been directed to a more equitable mode, which should, in no degree, retard the stream of natural wealth as it flows from the springs of industry, but should draw from the great reservoir of accumulated capital in just proportion, the sums that are requisite for an economical administration of public affairs. Direct taxes have been found best to fulfil these conditions. In the United States no progress has been made in this direction. Although empowered by the Constitution to raise money by borrowing, or by either direct or indirect taxes, the revenues from customs duties have been the main dependence of the government for its support in peace as well as in war, and when commercial revolutions have at times caused this staff to break under it, temporary loans, make-shifts, and expedients have been resorted to until better times should come round. It is no doubt true that this want of system in the financial affairs of the Republic has been a leading cause of the present difficulties in which the country is involved. The financial question has indeed been at the bottom of all the great revolutions of modern times, and

* We cannot by any means agree with all the conclusions and statements in this very able article. Nor do we wish the fact of our publishing any contribution, to be taken as evidence of our endorsing it. It has always been customary to open the columns of the *Merchants' Magazine* to the advocates of both sides of every commercial question, and we intend of course to continue that custom.—*Editor Merchants' Magazine.*

must continue to be a stumbling block to statesmen, until the science of taxation is so far developed that the burdens of government may fall with equal weight upon all the members of the community, and so operate as not to draw wealth from the pockets of one class into those of another, thus building up an interest dependent upon the government, at the expense of other interests, whose growing discontent will sooner or later convulse the State. The revolution in England was precipitated by the financial exactions of the crown; that of France commenced a century later, when the financial distress caused by the expensive sway of Louis XIV, aggravated by the paper money scheme of LAW, under the Regent, culminated in the corruptions of Louis XV, and in the subsequent reign burst upon the people in revolution, when a flood of paper money destroyed all that remained of credit, public and private. The attempt of England to collect revenues in the colonies was fatal to her power on this continent, and the rebel colonies depended upon paper money to carry them through the struggle. An issue of \$372,000,000 of paper notes sufficed utterly to destroy their value as money and the resources of the people, and with it the credit of the new government, which was no sooner organized than this financial question threatened it with reverse. The inability to pay the troops set them in array against the government, when the great personal influence of WASHINGTON saved the country.

The attempt to collect taxes from a people ruined by paper money, caused the rebellion of SHAY in Massachusetts. The attempt to collect the whisky tax upon a people whose sole dependence was the sale of rye whisky, caused the rebellion in Pennsylvania, which was led by ALBERT GALLATIN, afterwards Secretary of the Treasury. These and many other grave difficulties beset a government newly established over a people who had been ruined by the false paper system of finance that had been adopted. A similar system destroyed the republican government of France, and made welcome the rule of the First Consul. It is no doubt the case that the creditless government of a ruined people had but little choice in the system of finance they were to adopt. Paper money as a resource was dead. Direct taxation only produced resistance to an authority not yet established, and to which the States of Georgia and Rhode Island had not yet adhered, and Mr. MADISON held that it was a great advantage that, through the assent of the States, they were able to levy duties upon imports temporarily, as a means of paying current expenses and re-establishing public credit. The States that had been united under the confederation seceded from each other because that system did not suit them all. It was necessary that the new government should attract all back to the Union, and adopt its policy to that end. When the first session of the first Congress of the United States met in New York, March 4, 1789, the first serious business which engaged their attention were the finances. Mr. MADISON, remarking upon the claims on the government that it was necessary to meet, said:

"To do this a national revenue must be obtained; but the system must be such a one, that while it secures the object of revenue, it shall not be oppressive to our constituents." The system proposed was that which had been adopted by the Confederate Congress of 1783, which was in substance a duty of 5 per cent on imported goods, with an additional duty on some enumerated articles, among them tonnage. The debate was immediately opened upon the manner in which these duties would effect

different States. Some of the States that possessed shipping wished the rate so high as to exclude foreign tonnage; others favored a moderate duty only, and still others wanted no discrimination, but simply a revenue tax. Mr. TUCKER, of South Carolina, remarked, April 9, 1789, that in order to preserve peace and tranquility, a spirit of moderation was necessary. "All that can be expected is such a degree of accommodation as to insure the greatest degree of general good, with the least possible evil to the individuals of the political community." All the speakers agreed that this system of indirect taxes was one, even at the low rate of 5 per cent proposed, which would benefit some sections at the expense of others. Mr. MADISON contended that if the agricultural sections paid more under the system, they, being more thickly settled, stood more in need of national protection; on the other hand, that the populous sections having, before adopting the Constitution, the power to protect their interests, naturally came into the Union in the expectation that those interests should not be neglected. The debates continued on the subject of the large amounts that would be paid to enrich individuals. Mr. GOODHUE, of Massachusetts, a large shipowner, proposed a duty of 60 cents upon tonnage, which Mr. TUCKER, of South Carolina, said would amount to \$50,000 per annum in the port of Charleston; "one-third of the whole tonnage is foreign, two-thirds American. The first is all that would come into your treasury; the second goes into the pockets of individuals as an extra reward for serving us. I once more wish that gentleman will consider great duties as imposing a heavier burden upon the Southern States, as they import more, the others less, and the sum we pay towards the revenue must be in proportion to our importation." FISHER AMES, of Massachusetts, followed in the same direction. "If the revenue system should fall with oppressive weight on the people; if it shall injure some in their dearest rights, it will shake the foundation of the government."

Mr. GERRY strongly favored moderation. "The energy of your government depends upon the approbation of the people. No doubt the citizens of the United States will support the government they have adopted, so long as they approve the measures it pursues, and no longer."

It will be remarked, that at the date of this debate, there were only eleven States in the Union, and the arguments of many of the speakers were directed to such compromises as would induce a "reunion" of those States that had not yet adopted the Constitution. The system of customs duties was finally carried on a principle of compromise among all those interests, in view of the urgency of a revenue for the government, and of the great difficulty at that period of collecting any other tax. Nevertheless, the principle was fully recognized that their operation, even at the low rate of 5 per cent, was to benefit manufacturing at the expense of agricultural interests.

The operation of the customs, when trade resumed its course, and the large exports of the country to meet the famine in England and Western Europe, and to feed the armies in Spain and elsewhere, brought back large quantities of needed goods, realized a sufficient revenue to carry on the government and do something towards the discharge of its debt. There were also the internal taxes, mostly the excise upon spirits, which, in consequence of the events attending their collection, cost more than they yielded, and then gradually fell into disuse, when the uncertain yield of the

customs came to be alone the base of the Treasury. The exports of the country at the origin of the government were mostly breadstuffs of northern origin, and this continued up to the peace of 1815, from which time, with each new want of the government, higher rates were required. In 1792, General HAMILTON asked for 2½ per cent to be added to existing 5 per cent duties, to provide for the "protection of the frontiers." This he said was an important though not an excessive augmentation, and it was to be temporary only. The levy was made, but it proved not only permanent, but it was followed by other additions, until the 5 per cent of 1789 had risen to 30 per cent in 1808. In the war of 1813 the rate had risen to 60 per cent, being doubled for war purposes.

The occurrence of war, with its vast expenses, destroyed the availability of the customs, and threw the government upon new expedients. The amount of capital in the country was not great, and that portion of the country possessed of the most capital was opposed to the war—even organizing secession rather than submit to the will of the whole people as expressed in the acts of the government. Loans were indispensable, and the government was obliged to depend for them, in a good measure, upon the banks of the Middle States, which were the great reservoirs of capital. The loans were in two shapes, treasury notes and stock subscriptions. The former circulated to a considerable extent as currency, being generally taken in business transactions. The subscription of the banks to the loans of the government involved a suspension of specie payment in those sections where the government was supported. The Eastern banks did not favor this loan, and they reduced their liabilities to sustain specie payments. The taxes levied for the support of the war were not very prolific. They did not operate until 1814, and for the three years 1814-15-16, the amount collected was \$20,100,000; there was realized from loans \$113,000,000. These taxes and loans were all based upon the inconvertible bank currency, which was at a heavy discount as compared with gold. The struggle of the government was severe in order to meet its wants, but with the return of peace in 1816, the immense imports swelled the customs revenues to \$36,000,000, a point far higher than ever before. The use of paper money produced two parties—for and against specie payment. The first came forward with two significant demands: one was that the debts which had been borrowed in depreciated bank paper, should be paid in gold, and that the taxes should, in like manner, be collected in specie; also that the banks should resume, involving the necessity on the part of all individuals of paying in specie, contracts which had been made in depreciated paper. The merchandise which had been sold on credit at paper prices, were to be paid in gold. The manufacturers also demanded that their productions, which had been developed during the war, should be protected for the future in time of peace. The result of these propositions would be, that while all the debts due creditors, as well as commercial claims—as government paper bought up at low prices—would be paid at par in gold, high duties on imported goods would insure high specie prices in the future for domestic manufactures.

These results were loudly complained of by the Southern members, and the more so that Northern food and provisions had ceased to be the chief exports of the country, but that cotton, rice, and tobacco had come to be the leading staples on which the payment of imported goods depended.

It was uniformly urged that the high prices caused by the duties were taking capital from the agricultural sections and accumulating it in the manufacturing districts. "In one word," said Mr. TELFAIR, in 1816, "all articles are made dear to the consumer, whether of foreign or domestic fabrication, merely that the manufacturer may derive a profit on his capital." The Southern members all declared that the effect of such a policy would be to keep the South poor, and make the North and East very rich. The system prevailed, and the rates of duties were continually increased, amid the growing discontent of the South, until in 1830, when the federal debt was nearly extinguished, the average rate of duties paid was 48 per cent, and the discontent of the South manifested itself in the nullification of 1832. This serious blow at the government caused a reversion of the system. From the peace of 1815 to 1832 the prosperity of the country had been almost uninterrupted. The revenues were ample, and a portion of the debt was annually discharged, until now it was not only closed, but a surplus of \$35,000,000 was in the Treasury. The stand taken by the South caused a compromise. The tariff was to be reduced gradually, until in 1842 it should reach 20 as a maximum tax. Unfortunately, while this compromise was adopted, there was no change in the government system of finance, which still depended on the customs solely, and liable to all the vicissitudes of commerce. One effect of the high tariff of 1828, had been an accumulation of specie in the banks, which impelled them to such a course of loans as aided in a wild speculation, which, swelling the government revenues, caused the accumulation of a surplus in the Treasury. To get rid of that surplus, \$28,000,000 was deposited with the States, when a financial revulsion burst over the world, involving such a destruction of commercial credits, as greatly reduced the imports into the United States, and deprived the government of revenue. To meet the emergency, it was compelled to issue Treasury notes, and continued to use them in aid of the Treasury during nearly seven years before the recuperative powers of the country restored the customs to the level of the public wants. This fatal necessity of depending upon customs caused a violation of the compromise of 1832, in the enactment of the tariff of 1843. Mr. CALHOUN objected to the proposed tariff, that it was worse than that of 1828. The average rate was, indeed, 10 per cent less, but the substitution of cash duties for bonds or long credit, the substitution of specific for *ad valorem* rates on articles that had fallen in value, the home valuation of goods, the arbitrary mode of collecting, and the fact that it went into operation immediately on its passage, all tended to enhance its injurious features.

He said, "I shall not dwell on the fact that it openly violates the compromise act, and the pledges given by its author and by Governor DAVIS, of Massachusetts, that if the South would adhere to the compromise while it was operating favorably for the manufacturers, they would stand by it when it came to operate favorably for the South. I dwell not on those double breaches of plighted faith, although they are of a serious character, and likely to exercise a pernicious influence over our future legislation, by preventing amicable adjustments of questions that may hereafter threaten the peace of the country."

The customs again, therefore, became the means of sustaining the Treasury down to the Mexican war, when, foreign trade not being interrupted, small loans only were requisite to meet the extra demands occa-

ationed by hostilities. The gold of California brought on a season of great prosperity, which swelled the revenues to an amount equal to the wants of the government, and enabled it to diminish its debt by purchasing the stock at a high premium. As high as 22 per cent premium was paid by the Treasury, in 1856, for some descriptions of government stock not due. In 1857 a commercial revulsion stopped imports, deprived the government of revenues, and again compelled it to issue Treasury notes.

The aggregate revenues and payments of the United States from the origin of the government down to the close of the fiscal year 1861, were as follows:

Customs.....	\$1,575,152,579 92
Lands.....	175,817,961 00
Taxes and other receipts	95,805,322 56
Total revenue.....	\$1,846,275,863 48
Total expenses, ordinary.....	1,453,790,786 00
Excess revenue.....	\$392,485,077 48
Total borrowed 1789 to 1861	\$462,935,644 64
Total loans paid " " " "	781,886,375 00
Excess debts paid.....	\$318,950,730 36

There remained unpaid July 1, 1861, a debt of \$90,867,828, which, if it had been paid, would have raised the excess of debt payments over receipts to \$409,818,558, whence it will be observed that if the revenue had been so regular that no borrowing had at any time been necessary, the amount actually collected would have been sufficient. The government has paid back two dollars for every one borrowed, and also distributed \$28,101,644 among the States. The land revenues are more apparent than real, since the lands have cost quite as much as has been realized from them. It results, then, that the customs have paid all the debts and expenses of the government from its origin, and those customs have been imposed on goods purchased with domestic produce. Of these the records have been regularly kept only since 1821. The aggregate domestic exports from 1821 to 1861, was \$5,060,929,667. Of this amount, \$3,311,208,104 was composed of the four articles, cotton, rice, tobacco, and naval stores; \$1,102,362,404 of breadstuffs and provisions, and the remainder cotton goods and other manufactures, of which a considerable portion were of Southern origin. In the aggregate, 70 per cent was of Southern products. In the same period the quantity of goods consumed in the country was \$5,818,049,325, and the customs collected amounted to \$1,231,456,369, or 21 per cent, and being an annual average of nearly \$7 per head each person for the whole period. The larger portion of the foreign goods have been consumed at the North, but they have been paid for by the South, and that section has been reimbursed by Northern manufactures at prices enhanced by the duty on competing foreign goods.

This state of affairs caused that growing discontent against the dangers of which FISHER AMES and others cautioned the first Congress, and of which nullification in 1832, and the warnings of Mr. CALHOUN were indicative, without producing any change in the financial system.

It is no doubt true, that under the operation of these custom duties the

government has been maintained, all the expenses of four wars had been met, two empires had been purchased—Florida and Louisiana—the country sprinkled with government buildings, forts, and arsenals, a navy created and an immense stock of military supplies accumulated, while tracts of country remained in the hands of the government of almost countless value. All this had been derived from customs duties, and in a purely financial sense the results of this system were evidently gratifying. In another sense it was not so, however. The system had been a constant source of strife between political parties, and the great Southern section, which had denounced it in the beginning as sure to impoverish the South for the benefit of the North, found their discontent deeper seated as their views in that respect were more manifestly justified, and the peace of the country was threatened. It was indeed alleged by a party at the North, that the labor system of the South was the cause of the impoverishment, as if a system which had undeniably produced such vast wealth was of itself the cause of that poverty with which the South was reproached.

The outbreak of the war, involving a scale of expenditures to which the country had hitherto been a stranger, brought the government face to face with the gravest difficulties that ever before presented themselves to a government. The nation heretofore had maintained a high credit while it paid, but when it was in want of money that credit was not found to be stable. Of the individual States that composed the Union, nine had been tainted with repudiation. The consequence was, that when the Federal government, in 1842—although it had been the only government that had always paid its debt, principal and interest, in full—wanted to borrow for peace purposes, it could not get a dollar at home or abroad. It had never had any system of taxation, and it was considered a problem if the people would submit to Federal taxation. In 1861, twenty years later, a graver difficulty presented itself. The whole resources of the Treasury were customs derived from duties on goods mostly purchased with articles produced at the South, by a class of laborers which the party in power in the North, it was alleged, were determined to emancipate by force of arms—an event which would sweep away what had hitherto been the base of the government finances. It was not to be expected that the credit of the government would stand high abroad among those whose business depended upon those Southern productions, which the war was to destroy. The war also jeopardized the exertions of the government, since no one could tell how many States, or in what condition, would survive the war. Who was to repay the money asked for? These, and a multitude of other questions presented themselves to the minds of capitalists, when the results of the election of November, 1860, were followed by such a diminution of imports that the government found itself without a revenue. The effects of the commercial revulsion of 1857 had not yet passed away in June, 1860, when Congress authorized a loan of \$20,000,000 to redeem outstanding Treasury notes. Of this amount Secretary Cobb offered \$10,000,000 in October, 1860, at five per cent, and it was taken at a premium. Before it was paid, however, the results of the elections cause the bidders to decline part of the stock, and \$7,022,000 only was issued. The imports declined simultaneously, and with them customs were reduced. On the 10th of December HOWELL COBB resigned; on the 14th, Congress passed a law permitting the negotiation of \$10,000,000 Treasury notes, payable in a year, at the lowest bid. The bids were opened on

the 28th, and only \$500,000 was offered, at 12 per cent. There were offers at 36 per cent and at 24 per cent, but all over 12 per cent were rejected. With a great deal of exertion on the part of those interested in support of the government credit, \$5,000,000 was subscribed at 12 per cent, to pay the government interest due January 1, 1861. January 19, Secretary Dix negotiated \$5,000,000 more at an average of 10½ per cent.

Congress, however, continued to trifle with the financial, as with the political, condition of the country, but on the 8th of February, under pressure of daily demands, authorized a loan of \$25,000,000, to run ten to twenty years, to be sold to the highest bidder. A portion of this was negotiated at 90½ @ 96 per cent. The tariff of March 1st authorized a further loan of \$10,000,000. The advent of the new government to power being attended by apparent moderation confidence, somewhat recovered. The new Secretary of the Treasury, Mr. CHASE, was placed in power as a politician, but was devoid of all those qualifications which were so indispensable to the financial head of the nation at such a momentous crisis. He was a fair lawyer, but had never been familiar with great money transactions, the principles of financial science, or the machinery by which great operations are moved. In a quiet time, with the government in high credit and the Treasury well supplied, he might have prevented waste. He was much praised, and the public hoped much. At the close of March he put a portion of the loan on the market, and received bids at 93½ @ 94 for \$8,000,000. This was the first operation of the new Secretary, who came into power amidst general laudation, but this first transaction chilled confidence in his capacity. The offer was 3½ per cent higher than made to General Dix, and at the moment the bids were opened the government was secretly fitting out an armed expedition against Sumter and Pickens; yet, under the circumstances, the Secretary had the inconceivable fatuity to reject the offers below 94, and he obtained only \$3,099,000. When the departure of the expedition was known, the Secretary came again into the market for \$5,000,000, and got no bids at all. Money was 4 per cent, but government 6 per cent stock sold at 83, and the Secretary was helpless. This state of affairs alarmed those interested in public credit, and after much exertion \$5,000,000 of Treasury notes, receivable for customs, was placed mostly with banks and large importers, with whom the notes bearing 6 per cent interest were available for duties. The Secretary, who had thus ruined his own credit at the first start, was now entirely helpless. Congress was not to meet until July, and all his means consisted of the balance of the \$14,000,000 loan of July, 1860—these could not be sold under par, and as the market price was 84, they could not be used—the balance of the \$9,000,000 loan of February, and the \$10,000,000 authorized in March. The Secretary could do nothing with any of them. The banks and capitalists were alarmed at the condition of the public credit and the incapacity of the head of the department. The Chamber of Commerce, with numerous sub-committees, and the banks of the three cities took the matter in hand and exerted themselves to get bids for the stock to be opened May 21. The opening was put off to May 25, in order to give more time to the committees, who finally succeeded in getting bids for \$6,396,000 at 85 @ 93, and for \$2,241,000 six per cent notes at par. These sums provided for the most pressing wants of the Treasury, but all the extra wants of the government had been met by the offerings

of individual cities and States in great profusion; all these raised money easily. The Secretary of the Treasury alone was helpless and inefficient. At the close of June he came again to seek aid in Wall street, when the notes that had been issued in May at par had fallen to $2\frac{1}{2}$ per cent discount. He could sell no more; but, as money was very plenty, he procured \$5,000,000 for sixty days on pledge of six per cent Treasury notes. This sufficed for the most pressing wants of the Treasury until Congress met. On the 4th of July, 1861, the Secretary sent in his financial statement to Congress—a very confused and unsatisfactory document. The chief point was, that there was required for the service of the year 1862 the sum of \$318,579,581. He stated that the customs would give \$57,000,000, the lands \$3,000,000, and that if \$20,000,000 should be raised either by direct or indirect taxes, or both, it would raise the income to \$80,000,000, leaving \$240,000,000 to be borrowed. He stated that he did not design to depart from the custom of the government in depending upon import duties, which, he said, would be ample as soon as peace was restored. He hinted that confiscation of enemy's property would form a revenue, and that the salaries of the government officers should be reduced 10 per cent. The value of the latter suggestion is apparent when we remember that, on an estimated expenditure of \$320,000,000, it would save perhaps \$500,000. He proposed, by way of loan, that \$100,000,000 of 3-year bonds should be issued as a loan, made popular by fixing the interest at two cents per day, and he apologized for so high a rate, although that rate was lower than he had been enabled himself to borrow. Congress showed no indisposition to borrow money, but a very great reluctance to taxes. The \$250,000,000, too, that the Secretary asked for was promptly voted on the 17th of July, and the law was amended August 5th. The two acts authorized the borrowing of \$250,000,000 in any or all of the following modes:

Payable.			
1. Bonds	after 20 years.....	7 per cent	Sell not under par.
2. " "	" 20 "	7 " "	Sell in Europe.
3. " "	" 20 "	6 " "	Sell equal to 7 per cent.
4. " "	within 1 "	6 " "	Not over \$20,000,000.
5. " "	at 3 "	$7\frac{3}{10}$ "	
6. " "	at 1 "	$3\frac{6}{10}$ "	
7. Notes, demand, in coin.....			Not over \$50,000,000.

The original bill contained a clause pledging the customs revenue to the interest on the stock. On its passage this clause was deliberately stricken out, a circumstance which destroyed all hope of a foreign loan. While this law was maturing, the Secretary had been depending upon the banks for 60-day loans on pledge of 6 per cent Treasury notes—an operation of questionable legality, since no law existed for the pledging of the government stock. The 6 per cent 1-year bonds were authorized to cover such cases. The credit of the government in such hands, while Congress declined any efficient tax law, by no means improved. A direct tax of \$30,000,000 had been proposed, but it was reduced to \$20,000,000, which would yield \$12,000,000 from the loyal States. This was passed under such circumstances as inspired no confidence, and the law was subsequently repealed. An income tax also was passed under circumstances that made its operation doubtful, and the public judgment was confirmed in the ultimate repeal of the law. Under these circumstances, when the loan law was passed the government 6

per cent stocks were selling at $88\frac{1}{2}$, although the whole debt then outstanding was but \$70,524,948. Inasmuch as that the law restricted the sale of the 7 per cent stock to *par*, and the exact equivalent of a 20-year 6 per cent stock was 89.32 per cent for a 7 per cent stock at *par*, or 1 per cent higher than the market price, the authority was of no use to the Secretary. It was in vain for him to ask the public to give 89 for a stock that they could buy for 88. There remained, then, of the whole list only the $7\frac{3}{8}$ bonds and the demand notes, which were receivable for customs and payable in coin on demand. The issue of the latter, in the state of the exchanges, would, it was well known, involve an immediate suspension of specie payments of the banks and dishonor of the government. There then remained only the resource of these three-year bonds. It was evident that these could not be sold in the open market at *par* without great depression of value. The banks were therefore compelled to take them. It was in a manner a forced loan. A consultation of the bank officers of the three cities was held, Mr. Chase being present, and terms were proposed by the banks which he accepted.

The terms were these: The banks of New York, Boston and Philadelphia passed, August 19, to the credit of the government \$50,000,000, for which the banks received 3-year bonds, bearing 7.30 per cent from August 19. The money to remain with the banks until wanted for government expenses, and it was drawn at the rate of 10 per cent per week. The government was to make an appeal to the people, and appoint numerous agents to sell these bonds for the banks. If a reasonable amount was sold, the banks would take another \$50,000,000 at the expiration of 60 days, on the same terms, and still another on the 1st of December. The appeal was made to the people and the sales proceeded. On the 1st October the banks again passed to the credit of the government another installment of \$50,000,000, which was all to draw interest from the 1st, but to be drawn at the rate of 10 per cent per week. While this money was thus lying idle in the banks, the department paid out \$24,000,000 of demand notes to various creditors, and the whole of its money was expended January 1. In other words, in the 103 days from August 19 to December 1, the government drew from the banks \$100,000,000, and put out \$24,550,325 of notes, making \$124,550,325, or nearly \$1,225,000 per day, leaving at the same time very large arrears due contractors and soldiers. On these advances the banks had earned 10 per cent interest, but they were now loaded with the notes. The fact that the banks had the use of the money half the time raised the value of the transaction to them. Thus, \$50,000,000 $7\frac{3}{8}$, bearing interest from the date of issue, gave an interest for 60 days of \$608,000; but the banks had the use of the money 30 days average before it was drawn, which was worth \$304,000 more. The Secretary, according to agreement, had made earnest appeals to the people and had appointed numbers of agents, allowing some of them small commissions, to sell these notes. The press united in a universal puff for these investments, and the result was that \$50,000,000 only had been sold outside of the banks. Of the sales so made, a large quantity were now coming back upon the market for sale by people who had bought them through patriotic motives, but who could not afford to keep them, and the price had sunk to a discount. The market for 3-year bonds was clearly dead, and the banks would now lend only on the 20-year 6 per cent bonds, which the law permitted to be issued at a rate

equal to par to 7 per cent, or 89.32 per cent. The price of 6 per cent stock in the market now was 92. The banks therefore agreed to take the 6 per cent stock at 89.32, the money to be drawn gradually, as in the case of the 7.30 bonds. For the \$50,000,000 the—

Treasury realized.....	\$44,661,231 91
Interest from July.....	1,134,246 57
Total.....	\$45,795,478 48

The banks paid a portion of this money in 6 per cent Treasury notes on which they had loaned money to the government. Although this loan was taken November 16 by the banks, it was not until February 5 that the last instalment was paid up, and that payment was used for the interest due on 7.30 bonds taken by the banks, August 19.

The public credit was now fast sinking. The three-year bonds that the banks had taken were at $2\frac{1}{2}$ @3 per cent discount, and the new stock showed a declining tendency, while the foreign relations were in a very gloomy condition. Congress was now assembled, and the annual report of the Secretary was looked for with the most intense interest. At last it appeared, and was received with blank disappointment. The revenue and expenditures, as compared with the July report, were as follows:

	July Estimate.	Dec. Estimate.	Increase.	Decrease.
Expenses, 1862	\$318,519,581	\$543,406,422	\$213,904,427	.....
Customs "	57,000,000	32,198,602	.....	\$24,801,398
Lands.	3,000,000	2,000,000	.....	1,000,000

Thus, in five months these estimates of expense were raised \$214,000,000.

The July estimate of \$57,000,000 from customs was reduced to \$32,198,602. The land revenues were also reduced. Between these increased expenses and diminished revenue, the Secretary asked for more loans, and more taxes, and more paper money. He was not quite certain about the latter—it was very good and was very bad. The advantages were considerable and the evils immense. The battle, between the good principle and the bad, seemed to be drawn in the Secretary's view, and there were no results. His suggestions in relation to taxes were equally lucid, and the public gathered from the report only the facts that since July the expenses had been doubled and the revenue halved—that \$213,000,000 more was to be borrowed by July, and a further sum of \$380,000,000 must be borrowed in 1863, with no plan whatever to effect it. Out of \$179,000,000 already borrowed, the banks held \$100,000,000, and refused to take any more. From whom the \$593,000,000 of additional loans required were to be borrowed the Secretary utterly failed to point out. The effect of such a document upon the public mind is most clearly manifest in the returns of the New York banks, the specie and deposits of which were as follows:

Date.	Loans.	Specie.	Weekly Decrease.	Deposits.	Weekly Decrease.
Dec. 7..	\$159,793,953	\$42,318,610	.....	\$133,618,787	.....
Dec. 14..	157,647,702	39,435,478	\$2,883,182	129,379,060	\$4,239,727
Dec. 21..	155,784,230	36,813,369	2,622,109	124,897,534	4,481,526
Dec. 28..	154,756,318	29,357,712	7,455,657	116,471,931	8,425,603
Jan. 4..	154,321,653	23,983,878	5,373,834	111,789,233	4,682,698

The public drew \$18,000,000 in gold from the banks in four weeks, and those institutions closed their specie vaults, in all probability not soon to open them again for the use of the public.

The Secretary, in his report, had revised his estimates from July, and stated the amount to be borrowed to the close of the year at \$213,904,427. This was in addition to the amounts authorized, but not yet emitted, and also to the \$20,000,000 that he proposed to get from the direct tax. The Secretary had absolutely no plan to propose for the realization of these loans, except paper money. For this he pointed out two methods. One was for the government to issue the notes directly, and the other to issue them to the banks in exchange for United States stock. His reason for this was, that all the banks in the Union, by issuing \$200,000,000 of circulation, borrow so much of the people *without interest*, and he thought the government should assume the right to do so. The head of the Treasury seems never to have had a glimpse of the truth that the circulation of the banks depended upon its convertibility, which depended, in its turn, upon the soundness of their mode of doing business. It is impossible for the government to issue paper money and keep it convertible, because it has no means of making capital flow into its coffers when needed, such as the banks have in their line of discounts. The moment paper is inconvertible it depreciates and prices rise. This rise in prices forms a fearful tax upon the daily labor of the people, whom the Secretary cajoles with the idea that he is borrowing without interest. Notwithstanding that these were the only plans pointed out by the Secretary to raise money, he stated, however, that the plan was not without serious inconveniences and hazards. "The temptation, especially great in times of pressure and danger, to issue notes without adequate provision for redemption; the ever-present liability to be called on for redemption beyond means, however carefully provided and managed; the hazard of panics, precipitating demands for coin, concentrated on a few points and a single fund; the risk of a depreciated, depreciating, and finally worthless paper money; the immeasurable evils of dishonored public faith and national bankruptcy; all these are possible consequences of the adoption of a system of government circulation. It may be said, and perhaps truly, that they are less deplorable than those of an irredeemable bank circulation. Without entering into that comparison, the Secretary contents himself with observing that, in his judgment, these possible disasters so far outweigh the probable benefits of the plan that he feels himself constrained to forbear recommending its adoption." The banks having failed, the question of currency became a tangled one. Their notes still continued "the currency," but they were 3 per cent discount for gold, and the new government notes were $3\frac{1}{4}$ discount, or $\frac{1}{4}$ discount for bank notes, and all government paper was rapidly depreciating. Congress, therefore, approached the subject of loans with great hesitation. Various bills were before Congress, but it was not until February 12, that a new issue of \$10,000,000 demand notes was authorized. At the same time the Secretary assumed the right, February 8, to receive deposits from the public, and allow 5 per cent interest therefor. This was at first not very successful, and the pressure upon Congress from the Treasury wants produced a series of laws passed under pressure. That of February 25, of March 1, and March 15, authorized the issue of \$150,000,000 of paper money, or \$90,000,000 in addition to the old issues, of denominations not less than \$5, to be a legal tender for all dues and payments except customs duties and interest on the public debt, to be fundable into a 6 per cent stock, redeemable at the pleasure of the government, from 5 to 20 years. The amount of this stock authorized was \$500,000,000, and the Secretary was author-

ized to sell it at market rates. This, equally with all other government paper, to be exempt from State taxation. The Secretary was authorized to receive deposits at 5 per cent to the extent of \$25,000,000. All duties to be paid in coin—all interest on the public debt to be paid in coin. By the act of March the Secretary could issue without limit certificates bearing 6 per cent interest, payable in one year, to creditors whose accounts were audited. By the act of March 16, this was extended to the checks of disbursing officers, and the limit to which deposits might be received was extended to \$50,000,000, and the \$60,000,000 paper money issued by the acts of July 17 and February 12 were made a legal tender. Here, then, the whole paper system was inaugurated. The Treasury had become a bank of deposit and of circulation for irredeemable paper money, and could issue one-year certificates, answering to old United States Bank "post notes," without stint or limit, and could issue, at any price, \$500,000,000 of 6 per cent stock redeemable in 5 to 20 years. The holders of the old stocks, of the \$50,000,000 of 6 per cent stock, taken in December, and of the \$100,000,000 of 7 $\frac{1}{2}$ % bonds, who had taken those securities on the faith of the law which prohibited the sale by the government of 6 per cents at less than 89.32 per cent, now found the Secretary authorized to issue \$500,000,000 of 6 per cents at any price. The exercise of the authority on his part would involve a great depreciation of values. There were outstanding Treasury notes and demand notes to the amount of \$78,000,000 receivable by law for customs. This amount would absorb all the customs as estimated by the Secretary for two years. Yet he was bound to pay the interest on the public debt in coin! There was no way of getting this but by buying it. The government therefore was a buyer of gold at the rate of \$18,000,000 per annum, as the debt then stood. The demand notes had been issued, payable in coin at the national Treasuries, but the first so presented were dishonored and none were ever paid. The new issue was not yet ready, and the Secretary was constrained to pay out the 7 $\frac{1}{2}$ % bonds until they fell to 4 per cent discount. This alarmed the banks, who held \$100,000,000 of them. The department then paid out the 1-year certificates until they fell to 4 per cent discount. The disbursing officers' checks were then selling at 3 $\frac{1}{2}$ % discount. The Secretary then redeemed 20 per cent of the amount in hands of original holders in order to support their value. This issue was then stopped, and the money received on deposits was depended upon until April, when the new demand notes were ready, and they were poured out freely with the following effects?

	Treasury payments.	Bank deposits.	U. S. 6's.	Stocks 7.30	1-year.	Gold, prem.	Money at call.
April 5,	\$9,742,133 09	\$94,082,625	92 $\frac{1}{2}$	99 $\frac{1}{2}$	96	1	5 $\frac{1}{2}$ a 6
12,	4,643,831 28	93,759,063	93 $\frac{1}{2}$	100	96 $\frac{1}{2}$	1 $\frac{1}{2}$	.....
19,	12,531,675 65	95,179,340	94 $\frac{1}{2}$	100	97	2	.....
26,	24,723,223 29	101,897,435	96	101 $\frac{1}{2}$	99 $\frac{1}{2}$	1 $\frac{1}{2}$	5 a 6
May 3,	22,747,941 89	109,634,535	99	103	99 $\frac{1}{2}$	2 $\frac{1}{2}$	4 $\frac{1}{2}$ a 5
10,	17,187,322 00	115,559,246	103	104	99 $\frac{1}{2}$	3 $\frac{1}{2}$	4 a 5
17,	9,835,736 59	120,008,929	105	105	100 $\frac{1}{2}$	3 $\frac{1}{2}$	4 a 5
24,	10,445,006 67	122,602,864	104 $\frac{1}{2}$	105	100	4 $\frac{1}{2}$	3 a 4 $\frac{1}{2}$

The contractors and other creditors of the government had been borrowers at bank. When they received payment in large Treasury notes they turned them over to the banks, who deposited them with the Treasury at 5 per cent interest. The notes thus went from the government to its creditors, from them to the banks, and from the banks back to the Treasury.

With this flow of money its price in the open market fell and the prices of gold and stocks rose. Very soon the limit of \$50,000,000 of deposits was full and the \$90,000,000 of new notes exhausted. The Secretary then offered to fund the notes in the new 5-20 stock, but obtained only \$2,669,000. The price of gold had now risen to $3\frac{1}{2}$ per cent, and the July interest on the public stock, due in July, was to be paid in gold. To obtain the gold he exchanged \$6,000,000 of $7\frac{3}{4}$ bonds for gold at par. It is to be observed that the banks were the chief owners of the interest to be paid. When they gave the gold for the bonds they got the gold back. The result was the same as taking 3-year bonds, worth $3\frac{1}{2}$ per cent premium in the market, for their interest. All these operations left the government debt, at the close of May, as follows, as per official reports:

UNITED STATES DEBT.				
	Dec. 1, 1861.	May 29, 1862.	Decrease.	Increase.
Old debt.....	\$70,104,955	\$70,104,955	.....	.....
Treasury notes.....	22,464,761	3,382,161	19,082,600	.....
Three-year bonds.....	100,000,000	120,523,450	.....	20,523,450
Twenty-year bonds.....	50,000,000	50,000,000	.....	.....
United States notes.....	24,550,325	145,880,000	.....	121,329,675
Oregon and Texas debt.....	419,992	878,450	.....	458,458
One-year certificates.....	.....	47,199,000	.....	47,199,000
Five-twenty-year bonds.....	.....	2,699,400	.....	2,699,400
Deposits.....	.....	50,778,566	.....	50,778,566
Total.....	\$267,540,035	\$491,448,982	\$19,082,600	\$242,988,549

Now, it will be observed, that the Secretary's estimate of \$213,000,000 to be borrowed in six months, proved to be nearly \$243,000,000 in five months, and this was nearly all effected in circulating notes, deposits, borrowed, and 1-year certificates. The deposits are payable on demand, and the 1-year certificates only throw the debt ahead one year, at large interest, making his position still worse. The wants of the department were now again very pressing, and the Secretary came forward with a demand for \$150,000,000 more paper money. This authority was granted, as also the right to issue stamps as currency, to be payable for dues to the United States under \$5. The issue of the paper money had the usual effect upon all prices—gold rose rapidly to 20 per cent premium for paper, or, in other words, government paper was at a discount of 17 per cent for the constitutional currency. The August interest on the 3-year bonds was now nearly due, and the government was in want of the gold. To get it, the department offered to take gold on deposit, returnable in kind, and allow 4 per cent interest. This at once inaugurated a gold speculation, since dealers would draw interests by holding it, and would have the government responsible for its return. The result was a rise of gold to 39 per cent, or a fall of paper to 28 per cent discount. This state of affairs so alarmed the Secretary, that he sent his assistant to New York to ask the bankers not to lend on gold, and the Board of Bankers not to deal in it. CANUTE ordered the sea not to rise, but Mr. CHASE ordered the people not to believe that it was rising. With the rise in the price of gold, all commodities rose in value, following the natural law of finance. This rise in values was naturally in the operations of trade, represented by larger figures, as thus in April, a bale of cotton was worth \$115, in October \$276. At the former period a check for 1,000 bales sold, was \$115,000 deposited, at the latter period it was \$276,000. In March

100 bags of coffee was worth \$1,900, in October \$3,000, measured in paper. All business indicated a similar change. Hence the bank deposits, which were \$93,000,000 in April, were \$160,000,000 in October. These figures represented no more business and no more wealth than before; they simply indicated that there was more depreciated paper afloat. The prices of stocks had undergone a similar change, except for United States stocks, and the banks of New York city, which held \$40,000,000 in June, held \$80,000,000 in September. Under these influences all prices had risen, while incomes and wages remained the same. The expenses of every individual had been increased 30 per cent, while his income was no greater. This fact became manifest to a large portion of the people in an unmistakeable manner. The Irish population has always been in the habit of remitting a portion of their wages to their friends in Ireland, in small sums of £1 and £2. The aggregate has reached \$5,000,000 per annum. The usual rate for the small bills was \$5 per £. With the flood of paper, the cost rose until it required \$14 to remit £2. To remit the usual \$5,000,000 would require \$7,000,000, a tax of \$2,000,000. The tax was palpable and apparent to all remitters. Food, fuel, and raiment all were taxed in a similar ratio, through the influence of the paper money. If the articles consumed by 20,000,000 people reach \$50 each per annum, then, in the same ratio, \$400,000,000 tax is imposed upon the people by the use of this \$300,000,000 of paper, which Mr. CHASE boasts is borrowed free of interest.

The soldiers are not exempt from this operation. The pay of the army is \$10,000,000 per month. For this sum, the soldiers and their families can now buy no more goods than they could last year for \$8,000,000. Thus, at the present rates, \$2,000,000 per month has been deducted from the soldiers pay. The contractors evade the loss by demanding extra allowances, but these increase the expenses of the government in a ratio proportioned to the depreciation of paper. Thus, the last official statement of the government expenses, was for the quarter to June 30, 1862, and the sum was \$191,000,000. The whole expenditure for the year was \$583,885,247. A rise of 30 per cent in the prices of the same articles which the government purchased last year will give, therefore, an increased expense of \$175,000,000, arising solely from depreciated paper. If the tax law which passed at the last session, gives the amount estimated from it, it will not cover this increased cost from rise in prices. Take the single case of a foreign minister—say CASSIUS M. CLAY to Russia. His pay is \$18,000, but exchange is now 35 per cent higher than last year, hence the government must give \$24,300 in order that the minister may get his \$18,000, and there is no appropriation by Congress for that outlay. There are, moreover, 500,000 more troops afoot this year than last, the materials required are therefore doubled in quantity, and at paper prices, no system of taxation can overtake the depreciation of the paper, "which makes the meat it feeds on."

It is obvious that the only safe path for the government, when this war broke out, was to throw itself upon the patriotism of the people that was so abundantly manifest, avail itself of the capital then freely offered, and by an honest representation of all the facts, raise public confidence, and come to the people for the amount of taxes required by the exigencies of the case. Such a course would have commanded the confidence of capitalists, and the government would have been able to borrow at the lowest market rates, not only at home but abroad.

THE ADVANCED VALUE OF GOLD.**LEGAL-TENDER NOTES, TAXATION, AND NATIONAL DEBT INVESTIGATED
IMPARTIALLY.****BY A. B. JOHNSON.****GOVERNMENT LOANS INCREASE A NATION'S CAPITAL TO THE AMOUNT OF
THE LOANS.**

THE principle above announced was strikingly manifested when the debt of our revolution was consolidated into public stock. The debt was of doubtful value but the stock into which it became consolidated, was equivalent, in its commercial and industrial effect, to a like amount of gold and silver, and every branch of business felt the new capital, and expanded accordingly. A like result attends measurably, every new issue of government stock. The stock requires for its continued vitality, that the government shall annually exact from the people, by taxes, the interest which is payable on the stock; and this exaction constitutes the only practical difference between stock and gold; consequently, the annual benefit or injury which a country will sustain by reason of such a stock, will depend on whether the benefit is more or less than the interest abstracted annually from the country in the taxes which the stock occasions. In this particular, government stocks are not essentially different from bank notes, for all bank notes represent the promissory notes of some borrower who pays interest on the bank notes and who collects from the public, in the way of profits, the interest which he pays the banks. We know that capital is ordinarily borrowed with avidity, and interest paid thereon as a means of pecuniary gain to the borrower, and hence we may well conclude that the aggregate which the public gain, by means of capital created by government loans, exceeds the annual taxes necessary for the continued vitality of the government debt. But this fundamental fact rests on more than the inference just adduced; it being seen practically in the increased activity and general prosperity which always attends what is technically termed an inflation of the currency of a country, the inflation being only a consequence of the ability of all men to obtain loans to the extent that good security can be given therefor. No limit, indeed, but the limit of capital obtainable, exists to the industrial operations of any country. As a general rule, every man is active to the extent of the capital he can command, and the activity is induced by its expected pecuniary productiveness to the actor. The only evils attendant on currency inflations are the uncertainty and usual briefness of their continuance; but such evils are not attendant on increased capital by government loans, they being of permanent duration. The commercial vigor of Great Britain is a living exponent of the effect of great capital on the creative energies of a people, and produced, to a given extent in Great Britain, mainly by a national debt, the largest ever created; and which, at every step of its creation, was deemed, by superficial thinkers, a precursor and element of the national ruin. The general benefit resulting to individuals from a national debt, is analogous to the well understood benefits to every

business man, of residing in a rich city ; the fortune to which any man can attain being usually regulated by the wealth of his locality ; while the great expense in rent, food and labor, in cities are a tax that every resident willingly pays, for the advantage of residing in the neighborhood of accumulated capital.

TAXES TO SUPPLY THE EXPENSES OF WAR ARE IMPOVERISHING.

The taxes requisite to a continued vitality of national loans, are therefore more than repaid by the aggregate lucrativeness of the capital which loans create ; but when taxes are levied to supply funds with which to conduct a war, such taxes constitute a pecuniary evil to the tax payers, with no resulting pecuniary benefit. Nations who conduct wars by taxation, instead of loans, are, of necessity impoverished thereby ; and the like may be said of any portion of war expenses liquidated by taxation. Taxes should never be levied for more than the least sum sufficient to pay interest on a public debt ; consequently, the lower rate of interest at which money can be borrowed, the less will be subtracted from the benefit of the increased capital produced by any loan. Why, then, tax at all ? Why not pay the interest of a public debt, by annually increasing the public debt, and thus enjoy the benefit of the debt, as capital, without any countervailing drawback of taxation ? An answer to those questions is necessary to a correct understanding of the foregoing arguments : Government stocks possess the nature of capital to the extent only of their market price, and the price will be regulated daily by the ordinary principle of the daily supply and demand ; hence, as you increase the supply of any stocks, you diminish, ordinarily their price. If, therefore, government habitually provided, by new loans, for the payment of interest on its public debt, the market value of the whole existing public debt might by every such new loan, become diminished to an amount even exceeding the periodical increase ; and thus the holders of the old stock would, in effect, receive no interest thereon. Public stocks are always owned, subject to a fluctuation in market price, consequent to the creation of new governmental loans, or other causes ; but not consequent to a creation of new loans, to pay accrued interest on the existing debt ; a tacit understanding to the contrary arising from usage, being always understood.

We may usefully add, here, that, though stocks usually decrease in market price by every additional creation of them, the decrease is not necessarily of long duration, the public accommodating itself ultimately to any quantity that is brought into existence, of any object of human desire, so that a permanent surplus of any fixed quantity is impossible. Nature is said to abhor a vacuum, and we may add, it abhors a surplus, and struggles against both with equal persistency and success. Still, a continuously increasing production of any commodity, may keep it constantly in advance of the present demand therefor ; and the price thereof will diminish, temporarily, at any given time, in proportion to the excess of the supply at the time, over the demand.

TAXES FOR THE CREATION OF A SINKING FUND, ARE MORE INJURIOUS TO A PEOPLE, THAN TAXATION FOR ANY OTHER OBJECT.

The taxes a man pays towards the interest on government loans, he ordinarily is compensated for, by the increase of the national capital which the loans produce, as we have already shown ; but the taxes which he pays

towards a sinking fund, are injurious, not only in themselves, but in diminishing the national capital. Only one mitigation exists to such injuriousness, and it arises from the increased value that may ensue in the aggregate of the public stocks, that remains unliquidated. We saw an example of this, when President JACKSON voluntarily extinguished, by payment, the 3 per cent. United States stocks of the revolutionary debt. They gradually advanced to par, from being 30 or 40 per cent. below par; but the rise was partly attributable to the known approach of a speedy liquidation of the whole at par. Still, the principle of the rise on that occasion, operates, to some extent generally, and to the extent of its operation, tax payers will be injured, by a sinking fund, to the amount only of their taxes, without any additional injury from a diminution of the national capital.

THE REPUDIATION OF A NATIONAL DEBT INJURES TAX PAYERS MORE
THAN IT BENEFITS THEM.

From the foregoing principles, we may understand the effect of a repudiation of any national debt. Repudiation relieves tax payers from the payment of the tax necessary to the vitality of the repudiated debt, but it deprives them of the capital which a national debt creates, and of its benefits which greatly exceed, to almost every man, the evil of his taxation. When our revolutionary debt was funded, the operation was the opposite of repudiation, by reviving a debt which was practically dead; and we know that the resuscitated debt invigorated all the productive energies of the country, and occasioned its first great start in almost universal prosperity. The larger a debt, therefore, of any nation, the greater would become the pecuniary evils of its expunction; though no financial fallacy is more prevalent than a belief that the larger a debt, the greater is the pecuniary motive for its repudiation. If all the public creditors of Great Britain would imitate the mistaken patriotism of the large creditor of the Emperor Charles the Fifth, who warmed the Emperor's chamber by a fire made of the Emperor's bonds, and thus annulled the public debt represented thereby, the British Empire, from being rich and powerful, would dwindle into comparative poverty and imbecility.

WHEN WARS ARE PROSECUTED BY THE PROCEEDS OF LOANS, THE NA-
TIONAL CAPITAL WHICH WAR DESTROYS, IS, ORDINARILY, MORE THAN
EQUALIZED BY THE CAPITAL WHICH THE WAR CREATES.

Why war disbursements, liquidated by the creation of a public debt should increase a nation's capital, is not obvious. The government receives from its citizens an amount of specie or other valuables, equal only to the public stock given therefor; hence the national capital seems neither increased nor diminished by the operation; and especially when the government employs the loans to subsidise foreign governments, as Great Britain has frequently practised, or to purchase munitions of war, which perish on the use thereof, as every government practises. In all such exceptional cases, the national capital will truly neither be increased nor diminished by the loans; and as the loans will require for their continual vitality an annual tax, the tax will be an evil with no corresponding benefit. The same principle applies, ratably, to the wages in money, food and clothing, paid, by government, to the soldiers which any war employs; for, had the soldiers remained in peaceful avocations, they would have created as much capital as they receive from government; but here commences a

system which modifies the above calculation. The men who constitute an army are, to some extent drones in private life, and produce much less in the aggregate than they receive from the government in pay, subsistence and clothing; and which receipt from government, being represented by public stocks, augments the national capital to a greater extent than the capital would have been augmented by the soldiers in their civil capacity. This is one element of the seeming practical paradox, that modern wars, instead of impoverishing a country, increase its wealth. And though the munitions of war that are consumed, and the subsistence, clothing, &c., of the troops, would seem to be only compensated for as capital destroyed, by the capital created and paid therefor in public stocks; yet, by the stimulated activity that is evoked by the war consumptions of government, more capital is manufactured and produced than in times of peace. The destruction of capital occasioned by the conflagration of Moscow aroused a creative activity in Russia, which not only soon compensated for the destroyed capital, but it has continued ever since in active operation.

To construct an accurate balance between the capital destroyed by war in any nation, and the capital gained thereby, is however, not the intention of the foregoing remarks. They are only suggestions to establish the following, four general principles: First, that where war consumptions are represented by public stocks, the national capital continues for all commercial purposes, unimpaired by the war. Second, that the only practical difference, as capital, between public stocks and gold, is the taxes that stock requires for its continued vitality. Third, that public stock as capital, is annually productive of more wealth to a people than the amount of interest levied annually from the people in taxation. And fourth, that, as a nation's capital is annually augmented, in war, by the creation of a national debt, and otherwise, to a greater aggregate than the national capital would have attained, had the nation remained in peace, the augmented capital usually produces a pecuniary productiveness sufficient to counterbalance in profit, to the community, generally, the pecuniary evil of paying taxes on the portion of stock which represents capital that the war consumed. The four enumerated principles operate beneficially to many persons whom nearly every man may designate around him; but the generality of a like favorable operation must necessarily remain a matter of speculation, especially as taxes constitute an evil that every man feels, while the compensating benefit is discoverable only indirectly. Great Britain, we know, has grown rich, despite a taxation that, according to most theories, should have made it poor. Every nation contains some persons that can be benefited by no state of the country. Men of fixed incomes, and men who abstract themselves from all surrounding activities, and men of no enterprise, while they must be injured by a compulsory taxation, cannot be benefited by agencies which they are not compelled to employ, and which they will not adopt voluntarily.

The foregoing consideration of the pecuniary results of war omits any calculation of the loss which a national capital sustains, by the death of capital producers; and in that cold character alone, political economy considers the soldiers who die in battle. From this source the loss of national capital is less than may be supposed, experience testifying that the population of a country is not much diminished by war. We are prone to suppose that every man slain in battle is an unnatural diminution of a nation's population, while the most which can be truly said is, that the death only

anticipates by usually a brief time, the natural death that is the fate of all men.

LEGAL TENDER NOTES MUST CONTINUE AS VALUABLE ULTIMATELY, AS GOLD AND SILVER TO THE EXTENT OF THE DEBTS THE NOTES CAN LIQUIDATE.

The notes, as legal tender, constitute, for all existing debts, an equivalent to gold and silver, for an amount that we know is far greater, in the aggregate, than all the notes which the government has yet created, and the volume of indebtedness being ordinarily renewed daily, to the extent of the day's liquidation, we can hardly conjecture any limit to the amount of such notes, for which an ultimate specie use will not exist. The French assignats, and our own former Continental money, became worthless, because neither France, nor our old Confederation, was commercial enough to afford existing debts of a sufficient aggregate to give a liquidating use to all the assignats and Continental paper that the exigency of the government created.

But though our legal tender notes are in ultimate value equal to specie, they are greatly depreciated from the par standard of gold and silver; the liquidating specie use of the notes on any present day, being insufficient to employ all the notes that are available for such use on the given day; hence, like all other surplus things, the notes decline in present value in a degree proportioned to their surplusage. When banks paid specie for their bank notes, an unfortunate bank would occasionally suspend payments. If it held discounted notes of solvent debtors, and was willing to receive payment thereof in its own bank notes, the bank notes would not depreciate in value so long as the amount of them, collectable daily, was not in excess of the amount required daily by the bank's debtors; but if the bank notes outstanding were daily in excess of the daily use thereof, every holder would make some concession in price of his bank notes, to induce the bank's debtors to take them; and the market value of the bank notes would depreciate daily in proportion to the existing daily surplusage. The same principle is operative in our government's treasury notes that are receivable, as gold, for custom duties. The amount daily procurable is in excess of the daily dutiable payments, and the price of the notes recedes from gold in proportion to the surplus. A holder of them who knows he shall need them in payment of duties some weeks or months hence, will not deem their present value to him equivalent to gold; hence, if government should to-day issue a notice that the legal tender notes, shall be hereafter receivable for duties as gold, the notice would not make the notes equal in value to even the present dutiable treasury notes. To become equal in present value to gold, any paper money must possess a present use that it and gold can alone supply. In every general suspension of specie payments by banks, as at present, bank notes never have kept, and never can keep, a par value with gold; and the depreciation of the bank notes is wholly irrespective of any doubt of the ultimate specie redemption of the notes.

LEGAL TENDER NOTES MUST CONTINUE TO POSSESS A PRESENT VALUE
EQUAL TO OUR BANK NOTES.

Legal tender notes are rather more desirable than bank notes, they subserving some uses which the bank notes cannot; while the bank notes can subserve no uses which the legal tender notes cannot subserve. Nor can

this relative value ever be changed to the disadvantage of the legal tender notes, the banks being compelled to receive the tender notes in all payments due to the banks, and hence, are indirectly compelled to receive them on deposit, as money; for, should the banks refuse to receive, on deposit, legal tender notes, as was once mooted, all bank debts would be paid in legal tender notes; and thus, by the amount of tender notes forced on them, the banks would lose all the proposed advantages of a discrimination between the two currencies. Legal tender notes are thus assured permanently in every locality of the Union, a value equal to bank notes; and the present depreciation of the legal tender notes, as compared with gold, is a common depreciation of paper money, and not invidiously peculiar to the government currency.

BANK SUSPENSIONS CREATE ARTIFICIALLY A RISE IN THE VALUE OF SPECIE.

A belief is common that every possessor of paper money, legal tender notes included, is injured by the depreciation of the paper, to the extent of the premium that is paid for gold. This estimate is essentially fallacious. Whenever banks have suspended specie payments, specie has immediately advanced in value over the bank paper. The reason for such advance is obvious enough when we reflect, that the banks are almost the sole possessors of the specie of a country. Whoever receives specie, forthwith deposits it in some bank, relying that he can obtain any desired quantity when he applies therefor, with the paper of the bank; hence, when all banks suspend specie payments, the whole existing specie of the country is forthwith excluded from public use, arbitrarily imprisoned in the banks' vaults; and however much the actual need of specie is diminished by its being no longer required by banks as a basis of their issues of notes, yet the remaining uses for gold, the dutiable uses, the exportable uses, the hordable and mechanical uses cannot be supplied; and therefore a rise in price must ensue, precisely as coffee, tea or sugar would rise in price, if all the wholesale dealers therein would suddenly refuse to part with any of the articles, but doggedly keep them locked up in their warehouses. And especially must we remember that usually banks suspend specie payments greatly in advance of the exhaustion thereof from their possession. The banks in New York City possess, at this moment, nearly forty millions of specie, chiefly gold; and a like plethora exists in all the city banks of the Union; and measurably in country banks. Need we wonder, therefore, that this open monopoly of the precious metals, this abstraction of them from all customary uses therefor, should create, in the exchangeable value of specie, a rise over paper independent of any depreciation of the paper money? Our wonder may rather be that gold and silver have not appreciated further, and doubtless they would have appreciated greatly further, had not the dutiable uses of specie been supplied by the thirty millions, more or less, of outstanding treasury notes which were procurable by the public, and by the sums in gold which have been disbursed by the government, in payment of interest on the public debt.

THE EQUIVALENCE BETWEEN PAPER MONEY AND SPECIE, IS ALWAYS PRODUCED AND PRESERVED ARTIFICIALLY ONLY.

During specie payments, bank notes are governed in quantity by the amount which can be paid on demand in specie; hence, when any exigencies diminish the specie of the banks; or any exigencies have caused a greater

issue of bank notes than the specie of the banks can surely redeem, every bank hastens to diminish its outstanding bank notes, by diminishing its outstanding debts; that the equilibrium may be restored between the amount of the circulating medium, including bank deposits, and the obtainable gold that is sufficient to liquidate, on demand, the bank notes, &c., that are daily bought for redemption. Bank notes and gold are thus artificially made to occupy an equal value. But a man who estimates as a loss the present difference between the value of his paper money and the value of an equal number of dollars in gold, subjects himself to a further fallacy by reason that the paper dollars in his possession are probably much more numerous than the number would have been had gold and paper continued artificial equivalents of each other.

MONEY ITSELF POSSESSES NO UNVARIABLE VALUE.

When specie and paper are at par value with each other, the supply of money is often much less than the demand; but of its consequent rise in value, no standard measure exists, except a simultaneous depreciation in the market price of houses, lands, and all other commodities: and when specie and paper are at par value with each other, and an excess of the supply exists over the demand, no measure exists of the consequent depreciation in value of money, except a simultaneous rise in the price of all saleable commodities. In neither of the above alternatives are we accustomed to say that money is depreciated in value, or appreciated, though the said cases are no way essentially different from what paper disconnected from gold is now evincing. All we can properly say now is that relatively to each other, paper exists in excess of the demand, and gold exists short of the demand. Abstractly considered, the uses for gold have diminished, by reason that it is no longer used as money, nor as a basis of our paper currency; and therefore the supply of gold should properly exist in excess of the other demands therefor, and its exchangeable value should fall; but it seems to rise in value, a rise occasioned in no small degree artificially by its engrossment in banks.

Having thus considered the natural laws of monetary affairs, we may examine what may be done, artificially, to make a government's legal tender notes more nearly equal in value to gold than they are at present, government being said to desire such an equivalency. It may be accomplished equally well, by either diminishing the quantity in existence of the notes, or increasing the uses therefor. To increase the use, no measure is so available as to induce the holders to fund the notes in some permanent stock of the United States. The notes are now fundable in a five years, 6 per cent. stock, which practically is found an insufficient inducement to accomplish the desired end. The 20 years 6 per cent. stocks are, on the contrary, selling at a premium, but as government will not issue those stocks for legal tender notes, the preference evinced by the public for the long stocks, is not available to diminish the existing surplus of the legal notes. A general privilege to convert the tender notes into the long stocks might operate measurably to overcome the present excess of par value, which the long stocks now sustain; yet the existing premium on the 20 years stock, shows the direction in which a new demand may be created for the legal tender notes; and the like may be said of any new stock more lucrative than 6 per cent., or longer than 20 years, that may be deemed proper for the given end. The existing convertibility of the tender notes into only a five years stock, has no effect but to protect from depreciation

the existing 20 years stock, and thus to benefit the holders thereof; but how far a motive so personal and limited in its operation, should control the government, the government alone can decide.

LEGAL TENDER NOTES, BY BEARING NO INTEREST, CREATE A CAPITAL THAT MUST SEEK SOME PRODUCTIVE INVESTMENT.

The legal tender notes originated in a belief that the notes would supersede bank notes, and hence be needed as currency; but every bank prefers to issue its own paper, and to use the legal tender notes for other purposes; and as the public seeks no conversion of bank paper into tender notes, bank notes, answering, practically, all the purposes which the legal tender notes subserve, the whole mass of tender notes only augments the existing surplusage of capital that is seeking a profitable investment. The result of the surplusage is seen in the unprecedented magnitude of the deposits of banks everywhere, and in the stimulated and unhealthy competition that exists for all interest-bearing stocks, and, as usual, by sympathy and contagion, for all other stocks, and, ultimately, for all kinds of property; for though speculations commence in intellectual considerations, the intellect becomes, eventually, subordinated to man's emotions; and speculation becomes a passion, which, ultimately, like extreme hunger, devours indiscriminately whatever comes within its reach. Some men continue intellectually possessed enough to know the nature of the speculative traffic that is in progress, but they will purchase at high prices what they know to be worthless, believing that less intelligent or more reckless speculators will repurchase the articles at still higher rates.

Government has endeavored to create a lucrative use for the legal tender notes only in five years 6 per cent. stocks, already alluded to; and in giving 4 per cent. interest on deposits thereof, with the assistant treasurers; but the rate of interest proves itself, like the offer of stock, to be an insufficient inducement to the holders of the paper. Why enough interest should not be given to absorb the notes in either deposits or stocks, is difficult to comprehend; for no good reason is apparent why government should not pay for the money it wants what is requisite to obtain the money, instead of unnecessarily creating a surplus of unproductive capital.

THE FINANCIAL UTILITY OF TENDER NOTES MUST NOT BE PREJUDICED BY ANY CURABLE DEFECTS IN THE MANAGEMENT OF THEM.

As a means of borrowing money, no mode can be devised so prompt, effectual, and little expensive, as the issue of legal tender notes to the extent of the sums from time to time desired; if connected therewith, a profitable use for the notes can be created; but to issue the notes without supplying such a use, the notes become a species of forced loan without interest, and therefore the worst conceivable means of obtaining money, excepting taxation, taxes being a forced gift, and, therefore, worse than a forced loan. We may concede that government can raise all necessary funds by sales of new stocks, and taking in pay therefor irredeemable bank notes; but independently of the large gains which loan contractors would exact from the government for becoming the instruments of diffusing such stocks through the community, and the necessity which would ensue that the government should circulate among the public creditors, irredeemable bank notes, as was practised in the war of 1812, the circulating medium would be increased by the operation as much as by the issue of legal tender notes. Even should government issue proposals for new loans, receiving in payment only its

own tender notes, the price at which any loan could be negotiated would always have reference to the obtainability of legal tender notes; and, therefore government has no option but to issue legal tender notes for the loans it would negotiate. The only question is, whether the notes shall be funded by the public day by day, or in large masses by stock contractors. No doubt, persons who would become contractors for new loans, would advise the last named mode of raising funds, in preference to an augmented issue of legal tender notes with such an increased inducement to fund them, as shall be found practically efficacious. The alternative to be selected, is, of course, a matter of practical judgment; but with a proper pecuniary inducement to fund or deposit the legal tender notes, no great addition, if any, need be made to the mass already in existence, government reissuing the notes that shall come back from time to time, into its possession, by the funding, or other process, that government shall devise.

To remedy any existing surplus of paper money, and thereby to obviate objections against an augmented issue of tender notes, some persons propose a prohibition against any paper money, except tender notes. The prohibition would doubtless be a less expensive diminution of paper money than the creation of a profitable use for the legal tender notes, by funding them, or otherwise. But we must not wilfully ignore, that government has already tried the experiment with paper money, of sums less than a dollar; and yet, despite the prohibition, the whole Union is in a process of becoming almost covered with the prohibited fractional currency. But the larger currency is deemed more manageable than the fractional, and a bankrupt law, and other means, are suggested, as available to the advocated prohibition. Having no confidence in the practicability of the measure, I shall leave it, with the single well attested axiom, that governments are always more successful when their measures conform to the habits of their people, than when they endeavor to make the people's habits conform suddenly with any conflicting measures that the government may deem preferable.

Analogous to the foregoing measure, a prohibition against the exportation of specie has been suggested, as a corrective of the existing appreciation of gold over paper money, tender notes included, and, no doubt, whatever will diminish the uses of specie, will diminish the demand therefor, and consequently, correct ratably any deficiency of the existing supply of gold to the existing demand. Nations not unusually prohibit the exportation of their coins, but they rarely prohibit the export of bullion, thus manifesting that the prohibition of coin is not founded in the attempt to diminish the relative market value of gold and silver generally. Our exports of specie are manifestly not large enough to be a very efficient cause in the present price of gold, thus showing that other uses therefor exist, and which the prohibition will only slightly effect. And we must remember that gold is one of our own productions, and that any arbitrary legislation against its natural and accustomed uses could not fail to discriminate disadvantageously and offensively against our gold-producing regions. Far less invidiously might legislation be directed against the persistent monopoly of the precious metals by banks, after the banks refuse to employ them as a redeeming fund. A release of the specie thus monopolized would probably go far to reduce the present price of gold to its normal value, and no great cause of complaint would seem to exist, if banks were perpetually restrained from a suspension of specie payments so long as they possessed any specie; and certainly nothing seems more unreasonable than to permit banks to profit

in their specie by any advance in the price thereof, produced by a suspension of specie payments, a suspension which banks can always avoid by a timely conduct directed to that end. Still, reasons can doubtless be suggested against any such coercion of banks, as well as against a prohibition of the exportation of specie, or interfering in any other way with the freedom of commerce. While we direct our speculative investigations to the causes of existing events, we usually are in little danger of great practical mischief; but when we endeavor to foresee the future consequences of new and untried measures, the good we theoretically anticipate may not occur, but evils, unforeseen and of great magnitude, may arise in its stead.

Another correction of the price of specie, by diminishing the uses therefor, may ensue from a discontinuance of the discrimination government itself has established in favor of specie and against its own legal tender notes, in the payment of duties on imports, and in the payment of interest on the public debt. When interest on the public stocks was made payable in specie, the regulation had reference to a sale of the stocks by government; but the mode thus contemplated of obtaining funds was found impracticable to any desired extent, and was abandoned. The specie payments of interest, therefore, operate only as a pecuniary gratuity to the persons who hold government stocks; and who are less objects of worthy consideration than the multitudes of persons who are compelled, by law, to surrender daily, interest-producing debts, and to receive therefor legal tender notes that bear no interest. As one step usually leads to more in the same direction, the promised payment of interest in specie compelled government to disallow the reception of legal tender notes for import duties, that specie might be provided to pay interest on stocks; and, we may suppose, a like reason induces government to create a new use for gold, by paying interest thereon at its assistant treasuries. During the whole period of suspended specie payments by Great Britain, the public creditors, foreign as well as domestic, were paid in paper money. Still, the present method may be founded on better reasons than are known to the writer; but how justifiable soever the reason may be, the uses which government necessitates for specie, tends to enhance its market value, and ratably to diminish the equivalence between specie and legal tender notes.

Having thus considered briefly, and, I hope intelligibly, the financial topics prominent at the moment, I conclude by disclaiming any partisan design therein, and in proof thereof, I have asserted nothing different from what I thought fifty years ago, and published in the year 1813, through the then New York extensive publishing house of G. & C. CARVILLE, at No. 108 Broadway, under the title of "*An Inquiry into the Nature of Value and of Capital, and into the operations of Government Loans, Banking Institutions and Private Credit*, by ALEXANDER B. JOHNSON." The book contained as an appendix, "*An Inquiry into the Causes which Regulate the rate of Interest and the price of Stocks.*" The work gained some attention by its adaptation to the circumstances of the country at the time, and especially under the apprehension of a suspension of specie payments by the banks, an event which had never been experienced in our country, and the consequences of which the book endeavored successfully to foresee. The book has long been out of print and forgotten, and I possess thereof a single copy only. If the present condition of our country shall revive an interest in the teachings which I have herein extracted from the work, it will constitute an additional proof of the apothegm of Shakspeare, that "Many things by season seasoned are to their true use."

HINTS AS TO THE DEVELOPMENT OF OUR CALIFORNIA-CHINA TRADE.**CAN WE RENDER OURSELVES INDEPENDENT OF BRITISH OPIUM?****BY EMANUEL WEISS.**

ALTHOUGH I do not belong to the balance of trade school, and although I hold conclusions politicians are wont to draw from commercial statistics somewhat light, yet I beg to draw your readers attention to the balance of our last year's China trade, which, though not so bad as this year's one will prove, cannot fail to awaken just misgivings in the reflecting mind of every sober and practical merchant.

Last year we received from China over \$11,000,000 worth in tea, silk, and sundries, which were paid for as follows :

36 per cent in six months sight drafts on England against transatlantic shipments.

10 per cent in foreign goods paid as the above.

14 per cent in Mexican silver, paid chiefly in raw cotton.

22 per cent in domestic cotton cloth.

18 per cent in provisions, ginseng, mercury, and others (among which but \$80,000 in California gold.)

From this statement we see that 60 per cent of our Chinese trade consist of an indirect, and but 40 per cent of a direct exchange of goods with the Celestials.

In both the direct and indirect exchange, cotton, raw and manufactured, plays a conspicuous part, and the failure of this staple makes us more dependent on British interference in our tea trade. The four millions of six months sight drafts against our shipments to England, which we give in part payment to the Hong merchants, serve in their turn to acquit a small portion of the Indo-British and Turkish opium smuggled under the connivance of the British authorities into the Celestial Empire.

The British checked our King Cotton, let us answer them with an attack on their Queen Opium.

They have been studying for some time how to render themselves independent of our cotton ; and they have tried hard to increase the cultivation of cotton in Cutch and Guzerate, but normal prices offered no inducement to the indolent Hindoos to extend this rather toilsome branch of agriculture, and even now, under quite favorable circumstances, they move but reluctantly onwards, not trusting in the continuance of abnormal cotton prices. Thus, the British, to secure their ends—the continuance of premium prices for cotton growing—do their best to foster the internecine struggle of their once successful rivals in commercial supremacy, in providing the rebels, quite openly, with the means (vessels, arms, and ammunition) of a protracted resistance.

Our rivals are not aware that we can retaliate on a very tender part of their commercial vitality—say in their opium trade. True, the produce of slave labor was a great stimulus to our trade and navigation, but opium is the

sine qua non in their Chinese trade, and for this reason the transcendent moralists of Scotland and England never touched the morality of this traffic, in spite of their Puritan zeal in less worldly and less important peccadilloes.

To illustrate the better my assertion, I insert here a paragraph from the *Bombay Times* of the 20th of June, 1853, headed: "Rough Draft of a Petition from the European Community in Bombay unto the Honorable the Commons of Great Britain and Ireland, in Parliament Assembled," and sec. 4, concerning the opium monopoly, says: "Your petitioners would point to the acknowledged fact of the utter want of public thoroughfares of any description, and the deficiency in the means of communication and transport betwixt one part of the country and another. The same circumstances that affect the progress of industry and interests of trade equally affect the revenues of the country, which from 1841 to 1850 never were once able to meet the public charges, and which hang on such a precarious tenure that, were the Chinese Government to sanction the production of opium within the Empire, or the Americans to settle themselves anywhere in the East where the poppy might be grown, £3,000,000 sterling would be swept from our revenues at once."

In 1850 the importation of Indo-British opium into China amounted to 50,000 chests; ten years after, it reached near 70,000; and now, under Her gracious Majesty's direct rule over her Indian dominions, and under the pressure of her recent victories over the poor Celestials, this traffic has swollen to 90,000 chests (!)—apparently to cover the deficiency of the heavy remittances of former years in cotton wool from Bombay and Surat, which are turned now from Canton to Liverpool.

Happily it needs no new settlement to carry into effect the wise suggestion of the memorialists in the *Bombay Times*. Soil and climate in the southern part of California (east of Bombay,) are as good as we can desire for the production of opium, as some Celestial settlers have proved since, although on a small scale, yet to full and satisfactory evidence, and which is not astonishing either, as the poppy, to my knowledge, grows spontaneously on all the elevated plains (plateaux) of the neighboring republic.

Tea has become indispensable with the Anglo-Saxons; its consumption surpasses already 130,000,000 pounds per annum; also silk is largely exported from China to industrious Europe to the amount of over 30,000 bales a year.

Valuing the tea at.....	\$21,000,000
The silk at.....	18,500,000
And sundries at.....	2,500,000

We find the annual export from China to the western world to amount to.....	\$42,000,000
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It is a well known fact that the Chinese refuse our gold, and that we (the western nations, *i. e.* the red haired barbarians) can settle on this thrifty and crafty people but \$10,000,000 worth in cotton, (?) rice, dry goods, copper, ginseng, and the like. How have we to account for the balance without the opium? Why, all the mines of Christendom could not furnish *silver* fast enough to do it!

One-third of the Chinese export goes to the United States. Why should the citizens of this country not plant this much in opium on the Pacific shores

as long as the article sells, and sells well—better than cotton ever did in its best days! This cultivation is monopolized not only by the British, but also by the Dutch and Spanish colonial authorities in India. Much has been said by our Anglo-phobic and Puritan press of the immorality of this trade, yet it has been studiously ignored that our Boston houses in the Chinese ports indulge as largely in this contraband trade as their rivals, the English and Parsee.

Opium is both chewed and smoked; only the former mode of enjoyment of this luxury is detrimental to the human frame, whereas the latter is far less so than the use or abuse of fermented liquors, against which opium smoking may be considered even a sure preventive.

The poppy is called in Arabia "Abou numm," the meaning of the Spanish "Adormidera," and the Latin "Somnifera," and the Arab word "affioon," for its sap, shows the origin of the word opium. This drug has been known for over 2,000 years, and its abuse dates back to the Eleusian feasts. Over 400,000,000 of human beings in the Eastern hemisphere are addicted to the habits of opium smoking and chewing.

PEREIRA, in his *Opera Medica*, says: "Opium is undoubtedly the most important and valuable remedy. We have for other medicines one or more substitutes, but for opium we have none, at least in the large majority of cases in which its peculiar and beneficial influence is considered." In England the consumption of opium as a drug has doubled in these last twenty years, and is increasing still; it amounts to over 2,000 chests a year, and no doubt in our republic the consumption of this indispensable drug is not far behind that of the mother country.

The species of poppy cultivated in the East for the sake of the sap (opium) is the so-called garden poppy or *papaver somniferum*, of which there are two kinds, the common white and the common black poppy, both equally rich in sap; the former only excelling in narcotine and the latter in morphine, the substance giving the intrinsic value to opium. Compressed pods are said to contain less morphine than those of oval shape; the same with the poppy with filled blossoms, which is not so rich in sap as the one with simple blossoms. The greatest amount of morphine is obtained from the pods with brownish purple flowers.

The poppy suffers nothing from insects, and its flowers give rich food to the bees. The oil of the white poppy is considered in Europe the best, after the olive oil. The poppy wants calm, warmth, and a loose soil; manure agrees with it on the best of lands—a sub-soil of clay is prejudicial to its growth. The poppy thrives well after fallow produce, which leave a clear soil, such as treffle, cabbage, and potatoes; on a rich soil it may be cultivated also in continuance. After the poppy crop, a crop of barley can be raised the same year. Wet does not agree with the poppy, and a rain of two days duration at the maturity of the plant will spoil the whole opium crop. The best opium produced in Asia Minor comes from the plateau in the vicinity of Kara Hissar. The soil of this plain is of volcanic origin, belonging to the trachytic formation.

In the districts of Behar and Benares, in the Ganges valley, the poppy is sown in November; in Upper Egypt (Thebes,) in January; and in the Delta, at the spring equinox. In Mexico, the poppies are blooming from April to June. In California, the poppies must be sown towards the end of the rainy season, so that their maturity falls in an epoch when the rain is no more to be dreaded. Heavy night dews are increasing the contents

of morphine in the sap. This cultivation takes but three months and-a-half in the year.

The soil, by rational cultivation, must be plowed and harrowed carefully before the poppy is sown. To an acre, but two pounds of seed are required, which are mixed with earth, so as to throw them thin and regularly enough. Weeds must be rooted out as soon as they spring up, and when the young poppies stand too close, they must be thinned so that every plant has about a square foot room and an easy access to facilitate the collection of the sap, taking heed that the plants, especially on a loose soil, do not stand too thin and can resist the winds. This latter operation is done when the plant has reached two or three inches, before it would disturb it in its growth. A month after the sowing, the ground ought to be hoed, and as soon as the blossoms show, the earth round every plant must be heaped up. No pains in the tillage must be spared, as they will be amply repaid by the increase, and the improvement, too, of the sap of the plant. The Fellaheen, who do nothing of the sort, obtain but pods of the size of a large pigeon's egg, whereas, by rational cultivation, they may be brought easily to four inches diameter, and more too.

After the fall of the blossoms, when the capsules or pods are filled with sap, yet before they harden and turn yellow, horizontal incisions are made with an instrument composed of four or five blades united and shaped so that the rind of the pod cannot be cut through in the operation. As the falling of the blossoms drags on four to five days, this operation has to be attended to every evening about sunset on the newly bared heads. The pods by ripening lose a great part of the morphine salt, so it is not convenient to postpone the bleeding of the pods even for a day. The collection of the sap by scratching off with blunt knives is done at the end of the bleeding operation, no inconvenience to be feared by waiting so long as the sap hardens quick and never drops to the ground.

The ripening of the seeds is not injured by the bleeding of the pods as regards the oil, only for sowing they will not do because the plants they produce are weak and poor in sap and the sap too of inferior quality; therefore the seeds for sowing must be taken from unhurt pods. To this purpose large capsules of oval shape are selected, which are dried in the shade, then filed on strings by the stems and hung up in a dry room with not too much draft, where they remain unopened till seed time.

An acre of poppies will give from 40 to 50 lbs. of opium by bleeding; but in Turkey also the stems and leaves (after the pods being removed) are collected and well boiled in water on the spot. The decoction, without being strained, is poured out into pans, mixed up with the sap of the pods, then boiled down to the consistency of soft pitch, formed into loaves of about a pound weight and wrapped into poppy or tobacco leaves to keep them from sticking together. But a trifle of opium in drops, *i. e.*, from the pods merely, is brought to market in the bazaars of Constantinople and Bressa to suit the Theriakées (opium eaters); such opium contains from 12 to 15 per cent of morphine; the decoction from the stems and leaves contains about 5 per cent, and the compound of both from 9½ to 10 per cent of the costly salt. Of this latter drug, known as the Smyrna opium, an acre produces largely 120 lbs.

The Turks, in the new treaty of 1840 with their teachers in commercial liberty and morality—the Russians, Austrians and Englishmen—along with the rest of monopolies, had also to surrender the one in opium; still

the latter cling to the opium monopoly to this day with the same tenacity as our slave aristocracy to their peculiar institution. So the lease-holders of certain districts in British India are bound to produce and to deliver annually a given quantity of this drug to the Colonial Government at the fixed price of \$150 the chest, of 140 lbs. of opium, a price which still leaves a small remuneration to the producer. According to information collected personally on the spot, the cost of production of opium in Upper Egypt is about 60 cents, and in Anatolia (Asia Minor) 75 cents the pound. In the latter province, in spite of the abolition of monopolies, the Turkish governors still control this trade to their own benefit.

To secure to the enterprise the speediest success, the operations ought to be entered upon with 10 or 20 Greek families from Magnesia, in the opium districts in Asia Minor, who, along with the production of opium, would devote themselves also to the drying and preserving of figs and grapes and the culture of wine.

The fermentation between the Christian and Moslem subjects of the Porte is growing worse every year, the former, by far the weaker part in the Asiatic provinces, are in constant dread of a repetition of the butcheries of Damascus and Djudda, and will gladly avail themselves of any opportunity to move to better parts, especially if the chance is given to them to continue their mode of living in the accustomed way, and in a country as beautiful, and in a climate as mild as in the land of their birth. This is certainly the case with the southern part of California on the banks of the Gila and Colorado Rivers in the vicinity of San Diego.

To try is to succeed. The production of opium wants neither chemical or mechanical skill, no costly apparatus, no large outlay of capital, and in the vicinity of San Diego, land, labor and cattle are at normal prices, unaltered yet by gold excitement or emigration. Any amount of opium produced there would find a ready market in the capital of the State, whose commercial relations with Japan and China are improving daily. Opium in California will lead the Chinese tea over the projected Pacific railroad, and will create a revolution in the Eastern trade, not much to the benefit either of England or France.

THE AMERICAN JUTE.

PAPER BY H. HOWSON, ESQ.

READ AT THE MONTHLY MEETING OF THE FRANKLIN INSTITUTE, OF PHILADELPHIA, OCTOBER 16TH, 1862.

I HAD the honor of submitting to the members of this Institute, some months ago, several specimens of a fiber similar to, but of a much more crude character than those now before the meeting.

The fiber constitutes the outer covering or bark of the stalks of a North American perennial plant, of the order *Malvaceæ*, known as the *Hibiscus Moscheutos*, or *Palustris*—the plant as well as the fiber having received the name of American Jute. This term, however, may be considered inappropriate, for the reason that the Jute of the East Indies is the production of the *Cochorus Olitorius*, or *Cochorus Capsularis*, neither of which plants has any relation to the order *Malvaceæ*, and for the further reason that the fibers of the *Hibiscus* are not so liable to become deteriorated by exposure and washing in alkaline lyes as those of the Jute.*

The utility of the fibers of this plant was brought to light by Mr. W. J. CANTELO, who, during the last three years, has been actively engaged in examining and testing the peculiarities of plants indigenous to the Northern States, with the view of discovering a fiber available as a substitute for linen rags in the manufacture of paper, for hemp in the making of ropes, matting, &c., and as a partial substitute for cotton or woolen in the manufacture of textile fabrics.

A patent was granted on May 13th last, for the utilizing of the fibers of the *Hibiscus Moscheutos*, and this patent is now owned jointly by Mr. CANTELO, the discoverer, and his assignees, Messrs. STUART and PETERSON, of Philadelphia.

These gentlemen, aided by Mr. CANTELO, have, during the last eighteen months, been actively engaged in investigating the subject, and in prosecuting experiments with the view of determining the properties of the plant, the strength and value of the fiber, the requirements demanded for its proper cultivation, and the amount of fiber which can be obtained from an acre of ground.

The proprietors of the patent are now prepared to lay before the public the satisfactory and highly important results of their very careful experiments.

* We have received from Mr. Howson specimens of rope and cord made of the fiber referred to in this paper, and also specimens of the fiber itself, together with a photograph of the plant, *Hibiscus Moscheutos*, as grown in the neighborhood of Burlington, N. J., the past summer. Any or all of these we should be happy to exhibit at the office of the *Merchants' Magazine*, to as many of our readers as may feel an interest in the matter. Certainly all must agree with us, after seeing the specimens we have in our possession, that this discovery promises well, and we trust that the efforts already made in its behalf, will be followed up with energy.—Ed. *Merchants' Magazine*.

The *Hibiscus Moscheutos* is indigenous to the Northern States, and grows in abundance in swampy lands of Pennsylvania, New Jersey, New York, &c.; in the marshes of Burlington county, New Jersey, it is especially abundant.

In its natural state, stalks of the plant, when at their full growth, are from five to six, and even seven feet high, and vary from a quarter of an inch to five-eighths of an inch in diameter. The number of stalks from one root vary from eight to sixty; and eighteen stalks of an average size will produce four ounces of disintegrated fiber.

An acre of marsh land, in the neighborhood of Burlington, N. J., was plowed, and seeds of the "*Hibiscus Moscheutos*" spread along the furrows on the 28th of April last. On examining the land in September the ground was found to be thickly studded with seedlings, of which the drawing produced represents a specimen. It should be understood that little or no care was taken to weed the ground, and to give that attention to the young plants which will be advisable during their first growth.

It has been discovered by previous experiment that on cutting one of the stalks one season, a dozen or more would take its place the next, and that the plants would require no attention after the first year's growth. As to any liability of the plants becoming deteriorated from the ravages of insect, it was found that in no instance could any marks of insect depredations be observed on the stems, leaves, or roots of the plant.

The next point to be ascertained was the amount of fiber which could be produced from an acre of ground, planted with the *Hibiscus Moscheutos*.

This has been determined by a close observation of the plant in its natural state, and by weighing the fiber taken from a number of stalks of average dimensions. At a moderate calculation, and taking into account the probability of loss from unforeseen causes, three and a half tons of disintegrated fiber can be derived from one acre of ground.

Another important point decided was the facility with which the fiber or bark of the stalks could be separated from the pith.

It was discovered that this could be accomplished with ease and rapidity, even without the aid of machinery, which can readily be applied to the purpose.

The bark after being detached from the pith is at once removed to a very simple apparatus, invented by Mr. CANTELO, when the bark is reduced in a comparatively short time to the disintegrated fibrous condition shown by the specimens exhibited—the fiber in this state being ready for the market, either for conversion into rope or for paper stock.

As to the value of the fiber, it has been declared by experienced rope manufacturers to be far superior to manilla hemp or Jute—the specimens of rope exhibited being fully equal in strength and pliability to ordinary hempen rope.

Two prominent paper manufacturers of this city have estimated the fiber to be worth \$100 per ton, to be used as a substitute for linen rags in the manufacture of paper.

The utility of the fiber as a substitute, or as a partial substitute, for cotton, woolen, or flax, in the manufacture of textile fabrics, has not yet been fully tested, but I am satisfied that the members will, after an examination of the specimens before them, be convinced that the utilizing of the fiber is not limited to the making of rope and paper, but that it is admirably adapted to the manufacture of many textile fabrics.

When we take into account the fact that fiber of the value of at least three hundred dollars can be derived from one acre of ground; that the ground best adapted to its growth is of such a swampy character as to be unfit either for cultivating ordinary farm produce, or for grazing purposes; that the plants require no attention after the first year's growth, but, unaided by any chemical or mechanical appliances, present a yearly supply of stalks ready to be converted into fiber; when we consider the hardihood of the plant and its freedom from the ravages of insects, we must admit that the greatest credit is due to Mr. CANTELO, and that his discovery is of the greatest importance, as it opens new avenues for the exercise of agricultural, mercantile and mechanical pursuits, and tends to the utilizing of the swampy deserts with which our Northern States abound.

I am anxious, Mr. President, that the members present should understand that the specimens of fiber have been prepared without the aid of any complex machinery or elaborate chemical apparatus—the appliances which the inventor has called to his aid being of the most simple character.

The samples of rope were made by hand; the maker asserting that had they been manufactured by the usual machinery the rope would have been of a much superior character.

Although the specimens are most satisfactory, and are sufficient to convince the most sceptical observer of the importance of the discovery, its value must necessarily be still further developed by the aid of appliances which may be demanded by the preparation of the fiber on a large scale.

The attention of Mr. CANTELO has not been confined to the fibers of the *Hibiscus Moscheutos* alone. Few plants in this and the neighboring State of New Jersey have escaped his searching investigation and his elaborate tests.

He has discovered that the plant next in importance to the the *Hibiscus*, as regards its fiber bearing qualities, is the *Abutilon Avicennæ*, an annual, readily cultivated, and hitherto considered a useless weed. The fibers of this plant, a specimen of which I submit for inspection, are of a silky character and extraordinary strength.

The utilizing of the fibers of the *Abutilon*, as well as the disintegrating process alluded to, form subjects for further applications for patents.

In conclusion, I would remark that a company—of which the proprietors of the patent will be members—is about being organized for the cultivation, or I should rather say planting, (cultivation, as the term is usually understood, being unnecessary,) *Hibiscus Moscheutos*, and the preparation of the fibers for the market. The members present will be satisfied that success must attend the efforts of an enterprising company who follow up with energy the prosecution of this important invention or discovery, which has been developed with such praiseworthy zeal by Mr. CANTELO and his assignees.

NORWAY AND ITS COMMERCE.

To the Editor of the Merchants' Magazine :

To your readers who are interested in the commercial affairs of all nations, and desire information as to the magnitude, kind, and variety of their most important resources, the subjoined figures showing in part the trade and commerce of Norway, may prove useful and interesting. They are taken from the latest published reports, namely, for the year 1860, and contain some of the principal articles of imports and exports for that year :

EXPORTS.		IMPORTS.	
Fish, salted & dried.cwt.	567,759	Breadstuffs.....bush.	5,976,996
Herring.....bbls.	829,765	Beef.....lbs.	901,045
Roe or spawn.....	34,064	Pork.....	916,044
Cod liver and other fish		Salt.....bbls.	661,447
oils.....	54,487	Anthracite coal.....	1,127,133
Iron.....tons	3,321	Butter.....lbs.	3,035,335
Copper.....lbs.	1,110,795	Cheese.....	586,781
Timber and deal.....	808,793	Coffee.....	8,909,902
		Sugar.....	11,073,304
		Tobacco.....	3,550,880
		Wines.....gallons Imp.	161,957
		Brandies.....	135,700
		Cotton.....lbs.	4,121,704
		Cotton, manufactures of.	1,003,037
		Flax.....	4,200,223
		Linen manufactures....	1,049,370
		Cordage.....	296,459
		Wool.....	212,679
		Wool, manufactures of.	616,823

Amount of exports for the year, 18,000,000; and imports, 16,000,000, specie dalere.*

VESSELS ARRIVED.

Norwegian, with cargoes.....	2,909 measuring	268,986 tons.
" in ballast.....	3,282	" 563,373 "
Foreign, with cargoes.....	2,212	" 134,811 "
" in ballast.....	1,985	" 172,654 "
Total.....	10,388	1,139,824

VESSELS LEFT.

Norwegian, with cargoes.....	5,982 measuring	735,371 tons.
" in ballast.....	721	" 233,401 "
Foreign, with cargoes.....	3,728	" 267,785 "
" in ballast.....	458	" 39,830 "
Total.....	10,889	1,276,387

* Par value, \$1 06 each.

At the close of 1860 the commercial fleet consisted of 5,287 vessels, measuring 665,392 tons, manned by 33,014 sailors, and was after that of England and France, the largest in Europe.

The financial budget for the year was 4,755,000, specie dalere, of which spd 1,002,250 was for the army, and spd 503,500 for the navy.

The result last winter in the large codfisheries of the northernmost part of the country proved almost a failure, which seriously affected those districts, and consequently has diminished the usual exports of cod liver and other fish oils. On the other hand, the herring fishery in the early part of the year, on the southwest coast, was uncommonly large.

This year the country will need large importations of breadstuffs, (larger than usual,) as the heavy rains this summer—so says a late letter from there—have greatly injured the crops. Some importations of breadstuffs have already been made from New York, but our troubles have now frightened the merchants, and led them to turn their attention to the Black Sea.

A new feature in the trade of that country with this, is the arrival at Chicago of a hermaphrodite brig—*Sleipner*, Captain WAAGE—direct from Bergen. She left Bergen May 23d, with 150 passengers and 200 barrels of herring, arrived at Quebec July 1st, where she remained ten days, and proceeded thence to the great lakes; arrived at Montreal July 1st, went through the Welland Canal the 21st, arrived at Detroit the 25th. There she left 40 passengers. Proceeded on to Lake Michigan and arrived at Chicago August 2d. She is described as a beautiful vessel, of 350 tons burthen, and is the first arrival of a European vessel entering that port direct from Europe. A few days ago she left laden with breadstuffs for Bergen.

Norway, as your readers know, is situated between latitude 58 and 71 degrees, forming a very long but narrow strip of territory, separated from Sweden on the west side by the mountain chain "Kjölen," and is washed on the east side by the North Sea; contains 5,800 Norwegian geographical square miles, and 1,500,000 inhabitants.

The climate is very salubrious and mild all along the west coast, but the interior is colder. The harbors on the western and northern coast are very seldom frozen, being influenced by the Gulf Stream, which runs along that coast, and has the effect to soften the atmosphere also. On the east coast the harbors are more or less frozen during the coldest winter months. The daylight is very long during the summer, extending almost through the whole twenty-four hours; but in winter the shortest days in the south of the country are only six hours long, and towards the north even shorter still.

The country is very mountainous the highest top being full 9,000 feet above the water; has several glaciers, fertile valleys, good pasture land, deep fjords (bays) running far into the country, and many lakes. The coast is rocky and studded with innumerable islands, which form fine harbors. The mountains are covered with cascades and waterfalls—one of which, "Wöringsfossen," full 1,200 feet high, is the largest and the highest in Europe—forming magnificent scenery, which is attracting many tourists from various parts of Europe and a few from this country, whose number is constantly increasing.

The natural and principal sources of income and occupation are those of the forest, mining, the fisheries, and navigation. The manufacturing

of textile fabrics is yet in its infancy. It is only in the last 20 years that any attempts have been made in that line, which now has taken a deeper root, and is steadily increasing; so are also many other industrial and mechanical pursuits, which cannot fail of success among an intelligent and ingenious people.

The early history of Norway is shrouded in traditions and fables, and is uncertain. At what time it received its first inhabitants, and to what races they belonged, and whence they came, is equally uncertain. It is however supposed they belonged to the Lappish race, who with the Finns, made the original inhabitants, and who at a later period were expelled by the Goths, who entered the country from Sweden. The Goths, a branch of the great Germanic race, brought with them the Asce religion and a considerable degree of culture.

Up to the ninth century the country was under the feudal system, governed by petty kings and lords, under various names as Jarls (Earls) Chieftains, &c., till HARALD HAARFAGER, (HARALD the Fairhaired,) in 885 gained the victory over his enemies, by which he became master of the whole country, giving it the name of Kingdom, which title it has retained till the present time. HARALD was ten years old when his father died and he ascended the throne; he reigned from 863 to 933, and was a successful warrior. He died in 936, after having a short time previously appointed his sons as governors over various provinces, and one son, ERIK, as his successor on the throne.

The people anterior and subsequent to this period were a warlike race. Their filibustering and viking expeditions, over the greatest part of Europe and into Asia Minor, have filled the early histories of those countries with their exploits and manly deeds. They were a hardy and brave race, with many noble qualities, which they honored also in their enemies.

Their love of liberty was great; they could bear but little restraint, which caused them to roam abroad and which often resulted in interesting historical facts. Thus the brave GANGER ROLF (RALF the Walker,) when expelled by the above named HARALD from Norway, entered France, compelled its king, CHARLES the Simple, to give him that province which this day is called Normandy (after Norman—Norwegian). Thus, again, while roaming over the seas, they discovered Iceland early in the ninth, and Greenland in the latter part of the same century; and by still continuing their expeditions westward, they discovered America soon after.

OLAF den Heilige (OLAF the Saint) reigned from 1016 to 1020. He succeeded during his reign in establishing the Christian religion on a firm footing. The means he used were not the most gentle, which aroused the nation's hatred against him and caused his expulsion from the country, whence he fled to Russia. He returned the following year but died in battle. After his death he was canonized and became the patron saint of Norway.

By the Calmar Union, 1397, Norway, Sweden and Denmark were united under one head, Queen MARGARETE, who was the first female Sovereign that ascended the throne of Norway. This union with Denmark lasted, with more or less interruption, over four hundred years, till 1814, when Norway was, by the treaty of Kiel, January 14th, separated from Denmark and became united with Sweden, under one head, the King of Sweden being likewise king of Norway. Norway has its own separate

and independent government, has no nobility, as it was abolished by the Storting, 1821, and has its own flag which it received July 4th, 1844. Its constitution was adopted the 17th of May—which day is celebrated like our 4th of July. It was formed after the French of 1791 and the Spanish of 1812, and is considered the most liberal in Europe. It guarantees entire freedom of speech and of the press; by it most of the magistrates are elected by the people, and the country is mainly governed by the national legislature called Stortinget—(literally the great council) which holds its session every three years in the capital Christiania, the members being elected by the people. Stortinget appropriates the national expenditures and makes the laws which must receive the King's sanction, and which he can veto; but if the same law passes three successive Stoething, it becomes the law of the land, the King's veto notwithstanding.

The Lutheran church is that of the State, but religious liberty is secured to all.

The people, dwelling among the mountains, are more readily inclined to listen to the voice of God, who speaks to them through His majestic works before them, than the dwellers of the plains. There is an earnestness in their nature, partially religious, which seems to tell them that "life is real, life is earnest," which pervades their whole being, gives them a solidity of character, and a desire for usefulness, which make them good members of society.

Education is a subject which has attracted much attention among them. In few countries of Europe has more been done for its extension and to secure its blessings to the whole people, and this is constantly increasing.

The University at Christiania, which is very thorough in its instruction, was founded in 1811, has 600 to 700 students, with a faculty of eminent Professors, many of whom have a European reputation and are not unknown in this country. Besides this, there are Latin and other schools of learning of a high order in the cities and large towns, both public and private, and in the country schools are scattered through all the districts.

Since 1814, when Norway received its present Constitution, the country has made great progress in art and sciences. About 35 years ago the first steamboat commenced to plow its waters, since which time their number has increased on the lakes, and fjords along the coast for inland and for foreign commerce. The iron horse is conquering the rugged nature of the country, and is now traveling on a few roads whose number is increasing. The telegraph spreads its net over a great part of the land, informing it of the daily events taking place in other parts of the world. To promote still more the internal communication of the country, a system of road building has been in progress the last 15 years or more, which, for solidity, elegance and comfort, would do honor to any country. The roads cross the mountains, are cut into the mountain sides, and are suspended over mountain gorges, evincing masterly engineering skill.

From the earliest times the people have been accustomed to participate in the public affairs of the country; this interest they have retained, and it has taught them self-government. The Danish Sovereigns ruled with de-

spotic power, and contrary to their solemn oaths, made at times great inroads on public rights and privileges, till unpleasant warnings compelled them to desist from such a suicidal policy, when they left the people in possession of their rights, in order to regain their good will. This watchfulness is still alive, which caused the late Mr. WHEATON—who represented this country at the Courts of Copenhagen and Berlin—to say that “Norway was the hotbed of democracy in Europe.”

The Norwegian of the present day is loyal, manly, independent, respectful, reliable, and a great lover of his country and its constitution. Their songs inspire them with these virtues, and with their Sages relate to them the heroic deeds of their ancestors who planted the seed of civil liberty wherever they settled, the fruits of which are seen in England and have been transplanted to this country.

The reader will observe the large import of breadstuffs and provisions. An alpine land like Norway, with fertile valleys and good grazings, ought to feed itself, but too much attention has been paid to the before-named pursuits to the great detriment of one of the most important branches of occupation which sustains the States, namely: that of agriculture and of cattle raising. Of late years the Statesmen and political economists of Norway have seen this great error and are endeavoring to remedy the evil by establishing agricultural schools, publishing journals, and works on agriculture, importing cattle to improve the breed, and educating and elevating the farming class to their true position in society. There is however one drawback which the farmer encounters—the early frost, which often in one night destroys the labor of the season. A more perfect knowledge of cultivating the soil by bringing the crops forward to an earlier maturity would, in some measure, prevent this misfortune.

This, no doubt, is one of the reasons which has caused so large emigration from that country to the Western States of this, which commenced twenty years ago or more. The emigrants are mainly from the farming class; some of them bring money with which to buy their land, others bring only their industrious habits and strong muscles, and occasionally their spiritual guide accompanies them. They are settled mainly in Illinois, Wisconsin, Iowa, and Indiana. The Scandinavians being mainly from Norway, with their descendants numbered three years ago 150,000, published ten secular and religious papers in Danish—which is the spoken language of Norway—and Swedish languages.

Last year the number of emigrants from there was over 8000, and this year it is said to be still larger. Of late years they enter this country via Quebec, where the restriction of the number of passengers to the tonnage of the vessel has been less stringent than here, and where the vessels are more certain of a return cargo of deals to Europe. In the present war for civil liberty they are true to their cherished principles, and do their part in the field to restore their adopted country to its true position as the representative of the rights of man.

My object in sending you the above details is to give your readers a better idea than they perhaps have of the resources and wants of Norway, especially their need of breadstuffs, of which it will be seen from the above figures my native land always imports largely. Cannot the direct trade of America with Norway be increased with advantage to both parties.

Yours respectfully,

Lowell, Nov, 15, 1862

P. ANDERSON.

BANK CIRCULATION—PAST AND PRESENT.

ACCORDING to the report of the Secretary of the Treasury for the year ending June, 1861, the circulation of all the banks in the United States was, in 1856-'57, \$214,778,822; in 1857-'58, \$155,208,344; in 1858-'59, \$193,306,818; in 1859-'60, \$207,102,477; in 1860-'61, \$202,005,767.

This circulation, for the year ending June, 1861, was divided as follows:

Eastern States.....	\$44,991,285
Middle States.....	52,873,851
Southern States.....	39,552,760
Southwestern States.....	34,600,785
Western States.....	29,987,086
Total.....	\$202,005,767

Thus it will be seen that for the Middle, Eastern and Western States, the circulation was about \$128,000,000 at that time. To compare, then, the present with the past, let us take the returns we have given in our bank tables this month, and we will form a pretty correct idea of our present position. First, as to the Eastern States, we have—

	Circulation June, 1861.	Circulation June, 1862.	Increase.
New Hampshire.....	\$2,985,894 May, 1862.	\$3,183,255 Nov., 1862.	\$197,351
Rhode Island.....	1,979,828 April, 1862.	4,264,400 Nov., 1862.	2,982,420
Massachusetts.....	19,671,000	27,559,183	7,888,183
Total.....	\$24,636,722	\$35,006,838	\$11,067,954

In, therefore, these three Eastern States there has been an increase, as will be seen, of about 45 per cent. Taking this as the probable rate of increase in the other Eastern States and we have a circulation from that source as follows:

	June, 1861.	Increase 45 p. c.	Pres't circulation of East'n States.
Circulation of Eastern States,	\$44,991,285	\$20,246,018	\$65,237,303

Next look at the returns of the Middle States given in our bank tables. We have—

	Circulat'n Jan., 1861.	Circulat'n Sept., 1862.	Increase.
New York City and State...	\$28,239,950	\$37,557,373	\$9,317,423
New Jersey.....	4,164,799	8,124,528	3,959,729
Pennsylvania Banks.....	15,830,033	22,550,000	6,719,967
Total.....	\$48,234,782	\$68,231,901	\$19,997,119

Here the increase will be found to be about 41 per cent. Taking the same rate of increase in all the Middle States and we have a circulation from that source as follows :

	June, 1861.	Increase.	Pres't circulat'n of Middle States.
Circulation of Middle States,	\$52,873,851	\$21,678,278	\$74,552,129

By the above it will be seen that these three States of New York, New Jersey and Pennsylvania issued, in 1861, all but \$6,000,000 of the circulation then issued by the Middle States, and that the States of New Hampshire, Rhode Island and Massachusetts issued nearly two-thirds of the circulation of the Eastern States. Hence the calculation we have made as to the circulation of the banks of all the Eastern and Middle States, based upon the present and past circulation of the banks of the States named, may be considered perfectly reliable.

As to the circulation of the Western States, our figures are not as recent as we could wish, and we have not attempted therefore to give their returns in full. Yet from the data we have, there can be no doubt but that their percentage of increase has at least been as great as the other portions of our country. Putting this increase of the Western States at 41 per cent, we have the following statement in full of our present bank circulation :

	Circulation June, 1861.	Increase.	Present circulation.
Eastern States....	\$44,991,285	\$20,246,018	\$65,237,303
Middle States.....	52,873,851	21,678,278	74,552,129
Western States.....	29,987,086	14,987,052	44,974,138
Total.....	\$127,852,222	\$56,911,348	\$184,763,570

The amount of paper issued by the government is \$200,000,000 or more. Of this, however, probably \$50,000,000 is held as a reserve by the banks and is not in circulation. We may conclude, therefore, that the following is a pretty correct estimate of the present circulation in the North :

Amount issued by the banks, as above.....	\$184,763,570
Amount issued by government, and now in circulation..	150,000,000
Total circulation at the present time.....	\$334,763,570
“ “ June, 1861.....	127,852,222

COMMERCIAL CHRONICLE AND REVIEW.

SIGNS OF RECOVERY—PAPER MONEY—ARREARS—CASH BUSINESS—DEMAND FOR MONEY—IMPORTS—INCREASED COST—COUNTERMAND—TABLE OF IMPORTS—RATE OF DUTIES AND EXCHANGE—DUTIES—AVERAGE RATES—FRAUDS—EXPORTS—HIGH RATE OF BILLS—TABLE OF EXPORTS—DOMESTIC GOODS—WHEAT EXPORTED—PRICE IN LIVERPOOL—FREIGHTS—APPARENT LOSS—THE "200"—SPECIE SHIPMENTS—DECLINE OF GRAIN ABROAD—EXCHANGE—RATES OF—TABLE—MODE OF QUOTING—PAR OF—DECLINE OF CURRENCY—PARIS BILLS—SALES OF GOLD—BOARD OF BROKERS—RESTORATION OF GOLD—TIME SALES—SPECULATIONS—APPARENT LOSS—EFFECT OF SHORT SALES—NEW LOAN—STRINGENT MONEY MARKET—RATE OF NEGOTIATION—GREAT FALL IN PRICE—PRICE OF STOCKS—BANK LOANS AND DEPOSITS—CONGRESS—FINANCES—ONLY ONE MODE—LARGE DEBT—HEAVY TAXES NECESSARY.

THERE has been, during the last month, some degree of recovery from the general depression which has lain heavily upon all business since the commencement of the war. The usual effect of long continued inaction begins to show itself in the adaptedness to the existing state of things. There is a certain amount of productive industry in operation, and a consequent demand for supplies and merchandise interchangeably which must take place, and on this basis trade slowly increases in company with that unusual and extra business which grows out of the war supplies required by the government. The large amount of paper money, averaging about \$600,000 per day, paid out by the government, has aided the demand for merchandise to some extent, but the amount has borne a very inadequate proportion to the government expenses. The army is in arrears for pay many months, and the smaller channels of business are clogged by that fact—small credits have been created on the basis of the pay which has not been forthcoming, and the consumption of merchandise has been checked. Four months pay of the army exceeds \$50,000,000, which, withheld, seriously affects retail business. The debts of contractors and other parties for shipping, construction, &c., form an important item in the demand for money. It is, however, the case that a large proportion of the business done is for cash—a circumstance which rather increases the abundance of money than otherwise. In ordinary years, when business has been conducted on six months paper, discounted at bank, the autumn months are invariably marked by a rise in the value of money, caused by the maturity of paper, to meet which much difficulty is encountered. This year the demand for money has not been felt, but notwithstanding the speculations in stocks money has remained uniformly cheap until it began to be affected by the arrearages of the government. The importation of goods has been similarly influenced, since the demand did not cause a rise in prices equal to the rise in cost, through the high price of exchange, extra duties, and the value of gold. A considerable quantity of goods was, therefore, countermanded, and the amount entered for the month has declined as compared with the previous month, although it is much larger than for the corresponding month last year. The following table gives the imports for the month:

IMPORTS, PORT OF NEW YORK.

	Specie.	Free goods.	Entered for—		Total.
			Consumption.	Warehouse.	
January.....	\$163,658	\$2,552,050	\$6,663,396	\$3,141,725	\$12,620,829
February.....	62,007	3,381,473	7,058,174	3,370,486	13,872,140
March.....	89,327	3,476,004	10,312,689	4,841,846	18,719,866
April.....	26,162	2,232,315	7,141,197	3,853,218	13,252,882
May.....	110,383	1,146,093	8,091,120	4,600,920	12,948,516
June.....	61,023	1,122,092	7,278,953	2,874,127	12,336,195
July.....	219,001	1,831,932	13,799,505	4,502,764	20,353,202
August.....	92,713	982,992	10,289,427	2,939,721	14,804,843
September.....	121,318	1,784,804	11,890,711	4,351,084	18,147,917
October.....	256,676	1,004,870	8,462,554	3,689,806	13,413,906
Total, 10 months.	\$1,202,263	\$19,814,625	\$91,087,726	\$39,165,697	\$151,270,301
" 1861.....	\$5,826,053	25,315,026	45,296,493	36,575,280	143,512,857

The decline in importations has been important, but a glance at the table on another page will show that the cost of importation largely increased in October. Thus, exchange averaged in September 128 per cent, in October 141—an increase of 13 per cent; gold in September averaged 19 per cent, in October 28 per cent—an increase of 9 per cent; and in October the tax law began to operate. Thus, an article that cost \$1 00 and paid 40 per cent duties, would, in September, cost to import it, \$1 76. In October the same article would cost \$2 05—a rise of nearly 30 per cent in cost, and this was not warranted by any corresponding rise in market value, and some depression took place in the amount imported, involving a corresponding decline in the government revenues. The average rate of duty collected for October this year is, it appears, 37 per cent, and for the corresponding period last year 26 per cent—an increase of 11 per cent in average duty. The government has not, however, collected all the taxes, since extensive frauds by collusion of clerks in the custom-house of New York have deprived the government of a considerable amount of what was its due. How far these frauds may have affected the accuracy of the sum of the imports there is at present no means of ascertaining. The exports of the port have been enormously large during the month of October, incited, no doubt, to some extent, by the great rise in bills, which at one time reached 52 per cent sterling, giving the shipper a large margin for his bills. Accordingly the sum of the exports far exceeds that for any previous month in the history of the port. Exclusive of specie, the amount has exceeded \$20,000,000, and as compared with previous months is as follows:

EXPORTS, PORT OF NEW YORK.

	Specie.	Foreign.		Domestic.	Total.
		Free.	Dutiable.		
January.....	\$2,658,374	\$27,193	\$149,493	\$12,053,477	\$14,948,437
February.....	3,776,919	49,066	208,757	10,078,101	14,112,843
March.....	2,471,233	65,388	458,917	9,895,176	11,980,714
April.....	4,037,675	56,350	607,678	8,002,094	12,703,797
May.....	5,164,536	76,971	752,797	9,837,693	15,342,097
June.....	9,867,614	43,358	372,561	10,048,832	20,332,375
July.....	8,067,337	1,117,193	449,948	14,050,437	23,684,915
August.....	3,713,532	417,100	256,680	13,046,389	17,833,701
September.....	3,085,919	572,572	667,987	14,734,993	19,061,471
October.....	6,707,519	179,205	434,265	19,476,947	26,797,936
Total, 10 months.	\$49,550,658	2,699,821	\$4,263,668	\$120,314,139	\$176,828,286
" 1861.....	3,294,852	2,037,500	4,332,275	103,464,788	113,129,415

It will be observed that the domestic exports took a large development in the month of July, when the shipping business was acted upon by the exchange in a manner similar to that of October. Bills from 18 per cent in the middle of June, rose to 31 in the middle of July, and exports received a great impetus, which, from the same cause, was much more vigorous in October. The exports of flour in that month were 114,230 bbls. and 8,332,003 bushels of wheat. These two items alone gave \$12,000,000 out of the \$20,000,000 exported, and were shipped at the expense of the consumers of goods here. Thus, in the month of October extra United States flour was, in Liverpool, 24s. per bbl., or \$5 81. In New York it was \$6 40, and freights 60 cents, making \$7 00, or \$1 19 per bbl. more than it realized in Liverpool. The shipper, however, got for his bill 30 per cent above par, in paper, making \$1 74 or 55 cents apparent profit. It will be observed that this extra 30 per cent is paid by the importer of goods and charged to the consumers of these goods. Thus the farmer pays in the prices of his tea and coffee the extra price which the shipper of flour gets for his bill. The people cannot pay these increased expenses—hence the decline in the imports. If this extra paper value of exports is deducted from the apparent \$20,000,000 of domestic produce shipped, it will be seen that the real amount applicable to the payment of \$13,413,000 of imports is only \$15,000,000, which hardly covers the amount—leaving for interest on stocks, government naval and diplomatic expenses, remittances of capital for stocks sold on foreign account, and the large bill for Americans traveling abroad, a round sum to be sent in specie, and the amount of the metals forwarded has accordingly been large. It is no doubt the case that the fears created by the operations of the Confederate steamer "290," in destroying so many American vessels, retarded shipments and raised the cost of freight in foreign bottoms. The shipments of specie are made mostly in the British steamers, which are not supposed liable to capture. The comparative shipments of specie have been as follows:

SPECIE AND PRICE OF GOLD.

	1861.		1862.			
	Received.	Exported.	Received.	Exported.	Gold in bank.	Price of gold.
Jan. 4...	.....	.....	.....	\$442,147	\$23,983,878	2 a 4 prem.
" 11...	\$1,445,385	.....	\$885,923	1,035,025	25,373,070	4 a 5 "
" 18...	1,446,219	.....	.....	547,703	26,120,859	4 a 4½ "
" 25...	1,246,029	\$22,855	627,767	322,918	26,698,728	2 a 3½ "
Feb. 1...	1,514,154	289,669	.....	310,484	27,479,533	3½ a 3½ "
" 9...	1,052,313	115,698	854,000	976,235	28,196,666	3½ a 3½ "
" 15...	1,056,426	117,101	614,146	1,156,154	28,114,148	4 a 4½ "
" 22...	.....	187,253	759,247	734,512	28,875,992	3 a 3½ "
March 1...	855,755	176,161	741,109	510,774	29,826,959	2 a 2½ "
" 8...	.....	.....	679,075	585,236	30,436,644	1½ a 2½ "
" 15...	815,524	123,316	677,058	477,335	30,773,050	2 a 1½ "
" 22...	.....	91,161	.....	540,968	32,023,390	1½ a 1½ "
" 29...	699,597	6,088	490,368	779,564	32,841,862	1½ a 1½ "
April 5...	996,445	628,708	531,292	673,826	33,764,382	1½ a 1 "
" 12...	1,110,231	323,906	.....	1,505,728	34,594,668	1½ a 2½ "
" 19...	.....	328,127	617,279	693,432	34,671,528	2 a 1½ "
" 26...	844,577	1,000	635,546	1,151,300	35,297,944	1½ a 1½ "
May 2...	.....	800	410,804	712,275	35,175,828	2½ a 3½ "
" 9...	868,600	27,695	484,019	1,574,166	32,239,868	3½ a 3½ "
" 17...	755,102	.....	604,682	1,093,031	30,280,697	3 a 3½ "
" 24...	1,913,355	.....	604,682	938,032	30,672,760	3½ a 3½ "
" 31...	2,282,137	500	224,911	881,452	31,397,284	3½ a 3½ "

	1861.		1862.		Gold in bank.	Price of gold.
	Received.	Exported.	Received.	Exported.		
June 7...	1,618,876	650	553,035	1,647,299	31,284,882	3½ a 4½ "
" 14...	617,361	18,976	352,891	1,990,327	31,162,048	4½ a 6½ "
" 21...	986,143	222,546	612,461	3,156,988	31,047,945	6 a 6½ "
" 28...	.....	2,070	393,212	3,094,101	30,832,626	7 a 9½ "
July 5...	811,268	2,200	.....	2,647,060	31,790,519	9 a 10 "
" 12...	.....	1,568	641,451	2,424,916	32,098,174	9½ a 17 "
" 19...	1,244,000	1,750	441,179	1,846,023	31,926,609	17 a 20 "
" 27...	.....	4,000	.....	784,537	33,064,575	16½ a 17 "
Aug. 2...	2,123,240	1,382	Golden Gate lost	748,523	34,022,490	14½ a 16 "
" 9...	.....	.....	964,422	890,552	34,611,069	12½ a 13 "
" 16...	941,081	700	.....	700,431	35,301,778	14½ a 15 "
" 23...	1,176,434	1,040	1,089,111	919,825	35,538,486	15 a 15½ "
" 30...	757,629	9,280	.....	1,137,644	35,640,984	16 a 16½ "
Sept. 6...	1,100,693	5,120	807,563	551,097	36,138,928	16½ a 18½ "
" 13...	.....	69,859	.....	1,042,835	37,125,245	19 a 19½ "
" 20...	953,340	11,150	934,415	490,895	37,863,037	17 a 17½ "
" 27...	.....	.....	758,286	996,892	37,592,552	16 a 16½ "
Oct. 4...	937,776	7,100	.....	713,075	38,325,587	22½ a 22½ "
" 11...	.....	2,011	807,616	2,255,513	39,263,086	23½ a 24 "
" 18...	1,011,707	3,921	.....	1,714,551	38,759,256	33½ a 37½ "
" 25...	1,026,332	2,006	768,121	2,024,380	37,453,531	27 a 31½ "
Nov. 1...	.....	2,981	.....	351,547	37,980,436	31 a 31½ "
" 8...	878,805	3,685	.....	711,607	38,794,768	32½ a 32½ "
" 15...	875,730	32,905	708,731	1,894,708	39,348,947	31½ a 32 "
" 23...	829,807	.....	921,207	2,458,529	33,110,216	30 a 30½ "
Total..	36,790,571	3,303,018	21,169,626	55,384,015	.....	.....

The impulse given to shipments by the rise in the price of exchange in the month of October subsided with the reaction in the price of bills, but was resumed again in November, when the decline in bills and the rise in freights, accompanied by a considerable decline in the price of breadstuffs in England, checked the exports of produce. During the month of October the general average price of wheat in England fell from 53s. to 48s. per quarter, or 15 cents per bushel, making nearly 20 cents in the amount in paper to be drawn for. The price of wheat at the beginning of November was in England 24 cents less per bushel than at the same date of the previous year. The very large importations, particularly from America, were the cause of this decline. The quantity of wheat shipped to England this year in September 1 to November 18, is 9,132,417 bushels, or 4,028,659 greater than for the same period last year.

The rates of sterling bills have continued very high, governed by the price of gold and by the demand for remittance. The rates have been as follows:

RATES OF EXCHANGE.

	London.	Paris.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
Dec. 1,	109 a 109½	5.25 a 5.15	40½ a 40½	41 a 41½	35½ a 36	73½ a 74
" 15,	110½ a 110½	5.15 a 5.10	41½ a 41½	41½ a 42	36½ a 37	74 a 74
Jan. 1,	110½ a 113	5.12½ a 5.05	42 a 42½	42½ a 43	37½ a 38	74½ a 75½
" 15,	113½ a 114	5.05 a 4.90	42½ a 43½	43½ a 43½	37½ a 38½	75½ a 76
Feb. 1,	113 a 113½	5.10 a 4.95	42½ a 43½	43½ a 43½	37 a 38½	75½ a 76½
" 15,	115 a 115½	4.97½ a 4.90	42½ a 43½	43½ a 44	37½ a 38½	76½ a 77
Mar 1,	112 a 113	5.05 a 5.00	42½ a 43	42½ a 43	37 a 37½	75½ a 75
" 15,	112½ a 112½	5.07½ a 5.03½	42½ a 43	42½ a 43½	36½ a 37½	74½ a 75½
" 22,	111 a 112½	5.08½ a 5.00½	42 a 42½	42½ a 42½	36½ a 37½	74 a 74½
" 29,	111 a 112	5.10 a 5.05	42 a 42½	42½ a 42½	36½ a 37½	74 a 74½

	London.	Paris.	Amsterdam.	Frankfort.	Hamburg.	Berlin.
Apr. 5,	111½ a 112½	5.07½ a 5.02½	42½ a 42½	42½ a 42½	36½ a 37½	74½ a 75
" 12,	111½ a 112½	5.10 a 5.08½	42 a 42½	42½ a 42½	36½ a 37½	74½ a 74½
" 19,	111½ a 112½	5.10 a 5.08½	41½ a 42½	42½ a 42½	36½ a 37½	74 a 74½
" 26,	111½ a 112½	5.02½ a 5.07½	42½ a 42½	42½ a 42½	36½ a 37½	74½ a 74½
May 2,	112½ a 113½	4.97½ a 5.02½	42½ a 42½	42½ a 42½	37 a 37½	74½ a 74½
" 10,	113 a 114	4.91½ a 5.02½	42½ a 43	42½ a 43½	37½ a 37½	75 a 75½
" 17,	113 a 114	4.96½ a 5.00	42½ a 43	42½ a 43½	37½ a 38	75 a 75½
" 24,	114½ a 115	4.92½ a 5.00	42½ a 43	43 a 43½	37½ a 38	75½ a 75½
" 31,	114 a 114½	4.95½ a 4.91½	42½ a 43½	43½ a 43½	37½ a 38½	75½ a 76
June 7,	114 a 115	4.95 a 4.91	43 a 43½	43½ a 43½	37½ a 38½	75½ a 76
" 14,	117½ a 118	4.75 a 4.82	43½ a 44½	44½ a 45	39 a 39½	76½ a 77½
" 26,	120½ a 121	4.70 a 4.66	44½ a 45	45 a 45½	40 a 40½	78 a 78½
July 5,	120 a 122	4.70 a 4.62½	55½ a 45½	45 a 45½	45 a 45½	79 a 79½
" 12,	127 a 129	4.33½ a 4.31½	48 a 49	48 a 49	42½ a 43½	84½ a 85½
" 19,	128½ a 131	4.37½ a 4.32½	48½ a 49	48½ a 49	43 a 44	86½ a 87½
" 27,	126 a 129	4.45 a 4.35	47½ a 48½	48 a 48½	41½ a 42½	85½ a 86½
Aug. 2,	125 a 127	4.52 a 4.55	47½ a 48½	47½ a 48½	41½ a 42	82 a 83
" 9,	124 a 126	4.55 a 4.47½	47 a 47½	47½ a 47½	41 a 42	82 a 82½
" 16,	126½ a 127½	4.45 a 4.40	47½ a 47½	47½ a 48	42 a 42½	83 a 83½
" 23,	126½ a 128	4.45 a 4.40	47½ a 47½	47½ a 48	41½ a 41½	82½ a 83½
" 30,	126½ a 127½	4.45 a 4.40	47½ a 47½	47½ a 48	42 a 42½	83½ a 84
Sept. 6,	128½ a 130	4.36½ a 4.32½	48½ a 49	48½ a 49½	42½ a 43	85 a 85½
" 13,	126½ a 131	4.36½ a 4.30	48½ a 49½	49 a 49½	42½ a 43½	85½ a 86½
" 20,	128½ a 129½	4.42 a 4.35	48½ a 48½	48½ a 48½	42½ a 42½	85 a 85½
" 27,	128½ a 129½	4.40 a 4.32	48½ a 49	48½ a 49	42½ a 43	85½ a 86
Oct. 4,	134½ a 135½	4.20 a 4.15	50½ a 51½	50½ a 51	44½ a 45	88 a 89
" 11,	137½ a 142½	4.12 a 4.00	51½ a 53	52½ a 53½	46 a 47	92 a 94
" 18,	148 a 152	4.90 a 3.90	53 a 52	52 a 53	46 a 47	91 a 93
" 25,	143 a 145½	3.90 a 3.85	54½ a 55	54½ a 55	48 a 47½	95½ a 96½
Nov. 1,	143½ a 145½	3.95 a 3.86½	54½ a 55	54½ a 55½	47½ a 48½	97 a 97½
" 8,	145½ a 147	3.87½ a 3.82½	55½ a 56½	55½ a 56	48½ a 48½	97 a 97½
" 15,	145½ a 145½	3.87½ a 3.82½	55½ a 55½	55½ a 56	48 a 48½	97 a 97½
" 23,	143½ a 144½	3.97½ a 3.90	54½ a 55	54½ a 55½	47½ a 48½	96½ a 96½

The rate of sterling bills remaining about 13 per cent above the price of gold, gives a high rate for the bills as measured in specie. The mode of quoting sterling gives rise to much misconception in relation to the exchange. Thus, the actual par of American for British gold is \$4 84 for a pound sterling, that is to say, the exact quantity of pure gold in \$4 84, is the same as in a sovereign, or \$4,844 gold dollars melted and coined would make exactly 1,000 sovereigns, that is the actual par; but custom has continued to call the £ \$4 44, which was its value in Spanish silver before there was any American coin. With the change in the American coins, 9½ per cent added upon the old dollar, \$4 44 is called the *par*. The price of bills at 145s., gives \$6 44 as the price in paper of the £, which is \$4 84 in gold. Hence the paper in which the quotation is made, has depreciated 26 per cent. On Paris the quotation is different, the *par* is 5 francs 19 centimes for \$1 in gold, but the French will now only give 3 francs 85 centimes for one paper dollar, a decline of 1 franc 34 centimes or 26 per cent. In this case there is no fictitious premium on gold or exchange, but the real decline of 26 per cent in the value of the paper used here as a currency, and with that decline the precious metals become daily scarcer. The disgraceful proceedings of the Board of Brokers, in stopping transactions in gold at the board, at the wish of the Secretary of the Treasury, who weakly imagined he could make his paper promises valuable by keeping gold out of sight, has been recinded, and gold is now not only dealt in as before, but is speculated in on time.

The effort seems to be, by making very large time sales of gold at 30 @ 60 days, to fictitiously depress the market up to the time of the meeting of Congress, when the financial report shall have been made. The effort is so manifestly ruinous to individuals, that it is hardly to be supposed they would engage in it, unless very ample guaranties were behind them. The gold was restored to the banks on the 17th, and in four days \$900,000 was sold, one-half on time, by persons who did not hold it. The exporters took the time sales, and as it is delivered to them it will leave the country. The "short sales" of the gold are therefore a premium to export it. When the gold can be had at a low rate, bills are lower, and consequently there is less disposition to ship produce. Hence, all the loss sustained by attempting to get down the price of gold for political effect, is actually a premium paid to cause it to rise at a later period. The high rate of gold seemed to alarm the department in relation to the flood of paper, and it was resolved to issue the \$13,500,000 three-year 7 $\frac{1}{2}$ % bonds that remained of the \$150,000,000, which were authorized, and of which the banks took \$100,000,000 at par for specie. The amount of bids for the lot was \$23,500,000, and the award was made at an average of 3 $\frac{1}{2}$ per cent; the range of bids was 3.05 @ 4 per cent. The market price for the day was 104. The Secretary had these notes on hand a year, and did not issue them, but continued to pay out paper money. The rate of money in the market was very low all the Fall, although the speculation in stocks had absorbed a good deal, but when the Secretary was ready to sell his bonds, he, with singular fatuity, went first to the banks and borrowed the amount in advance. To lend him the sum, the banks called in loans, and disturbed the market so as to cause a rise in the value of money, at the very moment when it was to the interest of the Treasury that it should be cheap. The real price of the loan, as compared with that taken by the banks last year, was 77 per cent, or 23 per cent less than last year. An English or Canadian capitalist, who might last year have bought the bonds for 100, would this year get them for 77. The general price of stocks has been as follows:

PRICES UNITED STATES PAPER.

		—5½, 1861.—		5½, 1874.	7 3-10, 6 p. c. certif.	August demand	
		Reg.	Coup.		1 year.	Gold. notes.	
May	10,.....	103½	103	94	104	99½	2½
"	17,.....	105	105	96	105	100½	3
"	23,.....	104½	104½	96	105	100½	3½
"	31,.....	104½	104½	96	105	100	3½
June	7,.....	103	106	96	106½	100½	4½
"	14,.....	103½	107½	97½	106½	100½	6½
"	26,.....	102½	106½	96½	105½	99½	9
July	5,.....	100½	100½	95	102	98½	10
"	12,.....	100	100½	88	103	99	17
"	19,.....	98	98	85	101½	97½	19
"	27,.....	99	99	86½	103	98½	17
August	2,.....	98½	98½	85½	102½	98½	15
"	9,.....	99	100	85½	103½	100	12½
"	16,.....	100½	100½	90	100	100	15
"	23,.....	101	101	90	104	99½	15½
"	30,.....	101½	101½	90	104½	100	16½
Sept.	6,.....	99½	99½	88½	103½	99	18½
"	13,.....	99½	99½	88½	103	98½	19½
"	20,.....	102	102	90	104½	99	17
"	26,.....	101½	101½	90½	104½	99½	20½

		—5 ^h , 1861.—		5 ^h , 1874.	7 8-10, 3 years.	6 p. c. certif. 1 year.	August demand notes.
		Reg.	Coup.				
October	4.....	104 $\frac{1}{2}$	104 $\frac{1}{2}$	94	105 $\frac{1}{2}$	94	19 $\frac{1}{2}$
"	11.....	104	104	92 $\frac{1}{2}$	105	99 $\frac{1}{2}$	27 $\frac{1}{2}$
"	18.....	104	104	92 $\frac{1}{2}$	105	99 $\frac{1}{2}$	32
"	25.....	108	108	93	105	99	31
Nov.	1.....	104	104 $\frac{1}{2}$	93 $\frac{1}{2}$	105 $\frac{1}{2}$	99 $\frac{1}{2}$	31 $\frac{1}{2}$
"	8.....	103 $\frac{1}{2}$	103 $\frac{1}{2}$	92 $\frac{1}{2}$	103 $\frac{1}{2}$	98	32 $\frac{1}{2}$
"	15.....	103 $\frac{1}{2}$	103 $\frac{1}{2}$	91 $\frac{1}{2}$	104	98	32
"	28.....	108 $\frac{1}{2}$	108 $\frac{1}{2}$	91	104	98	30

The rate of money rose under this loan operation to 6 @ 7 on "call." The bank returns in another column indicate that loans increased and the deposits diminished under the transaction. It will be borne in mind that, gold being no longer currency, all the operations of the banks are based on the legal tender notes, and they are therefore compelled to keep a reserve of those notes on hand, and this absorbs a large amount. It is also to be borne in mind that the rise in prices has of itself swollen the sum of the deposits, and the amount of the loans. The shape in which the finances will come before Congress is matter of great solicitude. There are many projects of improving the finances of the government by changing the descriptions of paper to be issued and the mode of borrowing,—as if borrowing in any shape was a remedy for a deficient treasury. The idle boast of Mr. CHASE, that his paper money is a loan "without interest" from the people, comes home with melancholy force to the hearthstones of the poor, who, in the extra price of fuel and food, are paying with their heart's blood for the use of that money. The number of men in the army has been estimated at 800,000. If half of them have families, and those families consume the usual estimate of one barrel of flour per annum each, then those families alone pay \$600,000 per annum tax on the single article of flour, which the shipper sells in Liverpool for \$1 50 per barrel less than in New York. The pay of the soldier is fixed at \$13 per month, while, by the use of the paper money, all the articles they buy with it have risen 30 per cent. In other words, the soldiers alone pay \$30,000,000 per annum tax on Mr. CHASE's loan without interest.

There is only one way in which the sorrowful course of this paper money can be retraced, and that is, by a truthful statement of the present amount of debt and a clear statement of current expenditures—to present the exact facts to Congress and to the public. The next step is to impose taxes to the *whole amount* of the current expenditure, and then fund the existing outstanding paper at any price to get it out of the market. No observing man dreams that the debt is at this moment less than \$1,200,000,000, notwithstanding the statements made by Mr. CHASE and others. That sum cannot be placed under 8 per cent, and will cost, with the sinking fund, over \$100,000,000 per annum, which must be raised by taxes, in addition to the \$800,000,000 per annum of war and ordinary expenses. Last year the report of Mr. CHASE caused the banks to suspend, because it destroyed confidence. That confidence has shown no disposition to revive under the system of false statements and concealments, in violation of law, that has been practised in relation to the public debt. The time is now fast approaching when nothing will stand between the government and financial ruin but a thorough system of honest taxation.

JOURNAL OF BANKING, CURRENCY, AND FINANCE.

1. BANK RETURNS OF NEW YORK STATE. 2. CITY WEEKLY BANK RETURNS. 3. MASSACHUSETTS BANK RETURNS. 4. PENNSYLVANIA BANK RETURNS. 5. RHODE ISLAND BANK RETURNS. 6. NEW JERSEY BANK. 7. NEW HAMPSHIRE BANK. 8. BANK OF ENGLAND. 9. AMERICAN CURRENCY IN CANADA. 10. CIRCULAR TO COLLECTORS OF CUSTOMS.

BANK RETURNS OF NEW YORK STATE.

WE are able to give this month the quarterly returns of the banks of New York State, which show remarkable changes during the past year. For instance, it will be seen that on September 28, 1862, the circulation had since September, 1861, increased nearly \$10,000,000, and that the deposits had increased \$75,000,000. Truly we might be said to be growing rich if paper were money! The following shows the movement of the State banks for the year, in respect to five principal items of their respective reports:

Date.	Circulation.	Deposits.	Specie.	Discounts.	Stocks and government notes.
September, 1861.	\$28,015,748	\$111,895,016	\$38,089,727	\$176,055,848	.....
March, 1862.	28,330,973	121,988,259	34,301,092	162,017,987	.....
June, 1862.	33,727,382	150,488,244	32,882,693	184,501,261	64,888,009
September, 1862.	37,587,373	186,390,795	39,288,981	165,684,063	107,116,775

The following are the returns at large for the last two quarters:

QUARTERLY REPORTS OF THE BANKS OF THE STATE OF NEW YORK FOR JUNE AND SEPTEMBER, 1862.

RESOURCES.

	June 28, 1862.	September 27, 1862.
Loans and discounts.....	\$184,501,261	\$165,583,063
Overdrafts.....	\$1,309 and 431,799	\$1,071 and 507,511
Due from banks	21,720,212	24,071,691
Due from directors..	6,235,525	6,131,205
Due from brokers...	8,341,576	9,271,652
Real estate	10,000 and 9,609,059	11,200 and 9,592,765
Specie	32,822,693	39,288,981
Cash items.....	34,429,278	38,121,185
Stock and promissory notes..	64,838,009	107,116,775
Bonds & mortgages..	82,000 and 6,859,710	6,636,935
Bills of solvent banks.....	9,969,253	25,172,874
Bills of suspended banks..	83 and 938	114 and 768
Loss and expense account....	1,197,087	901,651
Add for cents	902	943
Total resources	\$366,380,201	\$416,990,142

LIABILITIES.

	June 28, 1862.	Sept. 27, 1862.
Capital.....	\$108,682,708	\$108,606,062
Circulation.....	33,727,708	37,557,373
Profits.....	14,721,695	14,288,874
Due banks.....	50,569,676	60,421,247
Due individuals and corporations other than banks, etc.....	1,676,746	1,800,115
Due treasurer of the State of N. Y.	3,881,798	5,845,681
Due depositors on demand.....	150,438,244	186,390,795
Due to others not included in either of the above heads.....	2,681,449	2,079,504
Add for cents.....	503	491
Total liabilities.....	\$366,380,201	\$416,990,142

In June 302 banks were in operation and all reported, but in September 306 banks reported, including J. A. CLARK & Co.'s Bank, Pulaski; JOSHUA PRATT & Co.'s Bank, Clinton; Q. W. WELLINGTON & Co.'s Bank, Co. ning, and T. O. GRANNIS & Co.'s Bank, Utica, (new banks, reporting for the first time.) The Bank of Ontario, Canandaigua, and R. I. INGER-SOLL's & Co.'s Bank, Pulaski, have commenced business since the 27th September.

We also give below the September returns of the city banks for each quarter of the past year:

QUARTERLY RETURNS OF THE BANKS OF THE CITY OF NEW YORK FROM SEPTEMBER, 1861 TO SEPTEMBER, 1862.

LIABILITIES.

	Sept., 1861.	March, 1862.	June, 1862.	Sept., 1862.
Capital.....	\$69,650,805	\$69,051,605	\$69,125,660	\$69,125,820
Net profits.....	7,603,579	6,878,711	8,647,645	8,571,885
Circulation.....	8,634,895	5,870,385	8,962,281	9,785,098
Due other banks.....	22,725,112	30,430,134	41,848,808	50,395,756
Individual deposits.....	33,252,466	92,061,137	112,195,094	139,988,704
Miscellaneous.....	6,433,341	1,691,400	2,242,066	3,936,638
Total liabilities.....	\$198,349,998	\$205,983,372	\$243,021,549	\$281,795,501

RESOURCES.

	Sept., 1861.	March, 1862.	June, 1862.	Sept., 1862.
Loans.....	\$113,810,543	\$98,536,943	\$118,540,094	\$93,478,350
Stocks, etc.....	23,198,577	44,906,265	42,568,120	80,462,853
Bonds and mortgages.....	617,677	611,900	664,227	538,918
Real estate.....	6,501,524	6,748,468	6,759,954	6,758,876
Due by banks.....	4,299,093	4,164,459	3,915,897	4,894,178
Cash items.....	13,742,440	19,865,119	40,095,670	58,444,613
Specie.....	36,118,215	31,087,652	30,406,556	37,165,371
Assets, etc.....	61,929	62,566	71,031	52,142
Total resources.....	\$198,349,998	\$205,983,372	\$243,021,549	\$281,795,501

The following is our usual table of the weekly returns of the New York city banks:

CITY WEEKLY BANK RETURNS.

NEW YORK BANKS. (Capital, Jan., 1862, \$69,493,577; Jan., 1861, \$69,890,475.)

Date.	Loans.	Specie.	Circulation.	Net Deposits.	Clearings.
January 4,.....	\$154,415,826	\$23,983,878	\$8,586,186	\$111,789,233	\$100,642,429
" 11,.....	152,088,012	25,373,070	8,121,512	113,889,762	105,634,811
" 18,.....	149,081,433	26,120,859	7,369,028	113,327,160	107,732,780
" 25,.....	145,767,680	26,698,728	6,828,917	110,874,786	100,001,959
February 1,.....	144,675,778	27,479,583	6,404,951	112,057,003	93,791,829
" 8,.....	143,803,890	28,196,666	6,077,417	110,637,557	113,216,297
" 15,.....	141,994,192	28,114,148	5,762,506	110,430,475	105,102,177
" 22,.....	139,950,958	28,875,992	5,489,496	109,079,076	111,346,066
March 1,.....	137,674,238	29,826,959	5,363,944	107,974,499	109,854,823
" 8,.....	133,055,148	30,436,644	5,869,206	103,715,728	113,512,576
" 15,.....	130,622,776	30,773,050	5,904,866	100,296,704	113,957,978
" 22,.....	127,615,306	32,023,390	6,260,309	97,601,279	115,376,381
" 29,.....	125,021,630	32,841,802	6,758,313	94,428,071	106,978,432
April 5,.....	124,477,484	33,764,382	7,699,641	94,082,625	111,336,384
" 12,.....	123,412,491	34,594,668	8,004,843	93,759,063	114,788,013
" 19,.....	123,070,233	34,671,528	8,664,663	95,179,340	113,529,377
" 26,.....	125,086,825	35,297,944	8,118,571	101,897,435	124,396,733
May 3,.....	133,406,418	35,175,828	8,482,782	109,634,535	140,952,471
" 10,.....	138,948,211	32,239,868	9,830,321	115,559,206	181,113,537
" 17,.....	142,290,782	30,280,697	8,727,328	120,003,929	167,390,055
" 24,.....	142,950,149	30,672,760	8,592,676	122,602,364	142,828,565
" 31,.....	142,671,414	31,397,284	8,535,149	125,434,755	136,893,373
June 7,.....	142,318,381	31,248,882	8,813,603	125,666,961	148,123,103
" 14,.....	144,014,350	31,162,048	8,814,322	125,643,375	165,521,454
" 21,.....	146,839,762	31,047,945	8,849,183	126,684,422	163,059,995
" 28,.....	148,346,422	30,832,626	8,910,344	127,860,708	154,890,447
July 5,.....	148,643,718	31,790,519	9,270,815	127,496,534	149,748,923
" 12,.....	147,997,436	32,098,174	9,212,397	127,538,055	167,789,726
" 19,.....	148,827,423	31,926,609	9,155,301	129,485,977	161,066,594
" 26,.....	149,768,293	33,064,575	9,244,953	132,427,178	162,650,811
August 2,.....	150,517,844	34,022,490	9,311,868	137,112,937	149,167,638
" 9,.....	151,190,203	34,611,069	9,221,504	139,544,680	139,926,277
" 16,.....	152,328,731	35,301,778	9,237,206	142,034,051	139,796,908
" 23,.....	154,855,704	35,588,486	9,356,635	143,347,341	147,659,087
" 30,.....	158,278,552	35,640,982	9,454,806	141,971,741	150,875,167
Sept. 6,.....	158,435,859	36,138,928	9,645,965	142,663,036	154,074,880
" 13,.....	157,828,513	37,125,245	9,719,126	144,991,062	155,813,245
" 20,.....	158,299,288	37,863,037	9,789,060	148,680,453	179,681,651
" 27,.....	160,161,046	37,592,551	9,800,723	153,291,851	196,879,068
Oct. 4,.....	165,057,113	38,325,587	9,900,112	157,944,771	239,013,452
" 11,.....	169,675,009	39,263,086	9,880,050	162,965,264	243,083,030
" 18,.....	172,512,085	38,759,256	9,907,529	164,337,458	255,444,122
" 25,.....	174,879,346	37,453,531	9,878,240	164,497,972	245,940,203
Nov. 1,.....	176,847,576	37,980,436	9,848,267	167,435,267	213,246,542
" 8,.....	176,700,515	38,794,768	9,732,860	165,959,654	214,294,813
" 15,.....	178,786,683	39,348,947	9,840,991	164,066,604	234,494,032

MASSACHUSETTS BANK RETURNS.

We give below a comparative table of the returns of the Massachusetts banks out of Boston. There is, in the returns, an increase in the circulation of \$5,979,655 since April last. The circulation of all the Massachusetts banks, compared with the circulation of April last, is as follows:

	Bank out of Boston.	Boston banks.	Total.
November 1, 1862	\$19,742,483	\$7,816,700	\$27,559,183
April 1, 1862	13,762,728	5,908,272	19,671,000
Increase of circulation..	\$5,979,655	\$1,908,428	\$7,888,183

We add the returns of the banks out of Boston from April.

MASSACHUSETTS BANKS OUT OF BOSTON. (Capital, \$29,412,500.)

Date.	Loans & discounts.	Circulation.	Specie.	Deposits.
April 5.....	\$46,813,869	\$13,762,728	\$1,891,489	\$8,879,656
May 3.....	47,269,010	14,928,237	1,914,573	8,685,551
July 5.....	46,937,910	15,409,675	1,825,069	9,881,569
Aug. 2.....	48,847,127	17,337,567	1,815,116	10,705,931
" 30.....	49,983,342	18,153,753	1,798,363	11,343,177
Oct. 4.....	51,680,751	19,742,483	1,766,876	12,351,544

The following are the returns of the Boston banks from January 6th to November 17th :

BOSTON BANKS. (Capital, Jan., 1862, \$38,231,700; Jan., 1861, \$38,231,700.)

Date.	Loans.	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
Jan. 6....	\$65,612,997	\$8,920,486	\$6,451,587	\$27,098,839	\$9,187,924	\$8,701,873
" 13....	64,704,039	8,580,607	6,612,512	25,642,994	9,634,227	8,805,255
" 20....	64,409,585	8,585,277	6,549,871	25,441,327	9,547,319	9,018,888
" 27....	63,025,191	8,562,175	6,284,268	24,030,776	9,598,545	8,727,348
Feb 3, ..	62,628,793	8,529,483	6,260,299	23,500,321	9,727,783	8,766,415
" 10....	62,340,600	8,514,600	6,616,000	22,784,700	9,892,600	8,965,500
" 17....	62,587,788	8,410,890	6,469,309	22,034,794	9,653,725	8,315,887
" 24....	62,053,640	8,341,588	6,580,205	21,515,228	9,625,869	8,644,360
Mar. 3....	61,678,500	8,364,500	6,318,700	21,208,500	9,681,500	8,982,600
" 10....	61,834,500	8,409,535	6,693,139	20,740,208	9,906,110	8,450,721
" 17....	61,747,000	8,471,000	6,364,800	20,554,000	9,790,000	7,981,000
" 24....	61,655,420	8,441,058	6,219,512	20,326,087	9,715,256	7,669,531
" 31....	61,360,789	8,441,196	5,908,272	19,975,018	9,434,782	6,978,527
Apr. 7....	61,208,974	8,674,170	6,557,152	21,014,000	9,245,088	8,133,124
Apr. 14....	61,058,969	8,688,573	6,170,383	21,009,010	8,949,259	7,173,374
" 21....	61,019,787	8,679,356	5,924,906	21,570,017	8,529,277	6,946,164
" 28....	60,441,452	8,666,797	5,500,396	22,402,134	8,493,004	7,813,530
May 5....	59,805,545	8,593,990	5,453,815	23,823,199	8,655,206	9,898,508
" 12....	59,521,251	8,422,738	5,537,937	24,827,121	9,197,744	11,755,589
" 19....	60,059,635	8,304,534	5,602,844	25,792,196	9,614,737	13,105,350
" 26....	60,266,275	8,108,695	5,503,756	26,264,658	10,029,198	13,795,636
June 2....	60,677,367	8,089,723	5,348,133	26,730,486	10,226,491	13,924,896
" 9....	62,059,198	7,983,425	5,696,413	26,277,021	10,610,702	12,888,043
" 16....	62,591,341	7,894,899	5,875,612	25,602,043	10,632,170	11,884,692
" 23....	63,056,262	7,850,634	6,159,115	26,994,738	10,644,000	12,122,000
" 30....	63,638,999	7,8014,87	6,131,019	26,237,754	10,678,205	12,265,781
July 7....	64,590,268	7,934,037	6,943,827	26,868,862	11,686,142	13,869,180
" 14....	65,635,000	7,978,000	7,091,000	26,685,000	12,675,700	13,624,000
" 21....	65,939,168	7,980,780	6,840,474	26,808,242	13,436,486	14,060,762
" 28....	66,168,806	7,963,696	6,618,160	26,698,825	13,583,589	13,197,239
Aug. 4....	66,836,729	7,966,702	6,633,822	27,315,402	14,013,524	13,473,620
" 11....	67,508,527	7,967,761	6,768,178	26,816,409	14,409,359	12,379,978
" 18....	68,234,988	7,975,427	6,778,260	26,572,677	14,854,778	12,566,167
" 25....	68,843,323	8,055,402	6,772,215	26,791,827	15,690,425	13,231,813
Sept. 1....	69,130,636	8,043,988	6,815,923	26,646,647	15,951,097	13,105,871
" 8....	69,788,676	8,006,695	7,065,156	26,942,687	15,982,000	13,106,000
" 15....	69,958,000	7,968,000	7,153,000	26,140,600	17,683,000	13,902,000
" 22....	70,332,897	7,968,546	7,239,383	25,970,904	17,594,158	13,585,410
" 29....	70,081,686	7,970,332	7,243,967	26,397,325	17,333,395	13,921,286
Oct. 6....	71,043,500	7,991,580	7,616,044	28,166,155	17,805,000	14,961,700
" 13....	71,226,581	7,977,116	7,949,524	28,673,721	17,036,000	14,960,700
" 20....	72,553,000	7,842,700	7,832,000	29,316,000	17,868,700	14,555,000
" 27....	73,649,936	7,850,392	7,793,469	30,725,604	17,498,251	14,380,200
Nov. 3....	72,218,500	7,860,800	7,816,700	31,497,000	16,711,500	14,840,700
" 10....	74,280,000	7,979,000	7,124,000	31,992,800	17,332,500	14,979,000
" 17....	74,880,700	7,970,000	8,055,000	32,504,500	17,141,000	14,801,600

PENNSYLVANIA BANK RETURNS.

We have not been able to obtain full returns of all the Pennsylvania banks; but from the returns received we have estimated the entire circulation of the banks of the State to be, at the present time, \$22,550,000. Their circulation in June, 1861, was \$15,830,033.

The principal changes the past month in the Philadelphia banks will be found to be in the discounts and deposits—the discounts having increased about \$1,000,000, and the deposits about \$1,500,000. We bring our table down to the returns of the 17th of November.

PHILADELPHIA BANKS. (Capital, Jan., 1862, \$11,970,180.)

Date.	Loans.	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
Jan. 6,...	\$21,046,587	\$5,688,728	\$2,145,219	\$21,896,014	\$3,645,956	\$1,796,805
" 13,...	21,145,938	5,692,123	2,162,152	21,324,510	3,992,952	1,702,716
" 20,...	20,601,160	5,783,450	2,120,756	20,698,496	4,120,261	1,575,116
" 27,...	20,885,606	5,821,323	2,121,146	20,058,098	4,209,006	1,858,688
Feb. 3,...	20,865,319	5,884,011	2,144,398	20,068,890	4,572,872	1,707,186
" 10,...	29,974,700	5,923,874	2,191,547	19,032,535	4,890,288	1,587,481
" 17,...	29,388,544	5,849,854	2,191,512	18,692,182	4,661,442	2,052,031
" 24,...	29,280,049	5,867,686	2,230,605	18,777,300	5,205,203	1,935,414
Mar. 3,...	29,393,356	5,881,108	2,343,498	18,541,190	5,218,383	1,828,383
" 10,...	28,083,499	5,869,780	2,575,503	17,375,771	5,131,834	1,733,169
" 17,...	28,723,835	5,897,891	2,632,627	17,253,461	5,342,876	1,649,187
" 24,...	28,850,615	5,915,535	2,707,804	17,066,267	5,210,365	1,774,162
" 31,...	27,831,338	5,884,314	2,904,542	17,024,198	5,100,186	2,134,392
April 7,...	28,037,691	5,886,424	3,378,970	16,656,538	5,607,488	2,231,889
" 14,...	28,076,717	5,912,870	3,496,420	18,112,446	4,868,842	2,634,171
" 21,...	28,246,733	6,046,260	3,525,400	19,011,833	4,548,327	2,504,147
" 28,...	28,793,116	6,052,827	3,613,994	20,223,556	4,470,674	3,128,069
May 5,...	29,524,432	6,049,685	3,759,692	21,316,614	4,531,837	3,823,659
" 12,...	29,966,347	5,728,028	3,867,200	23,002,263	5,118,541	4,981,291
" 19,...	31,121,563	5,529,221	4,045,696	23,385,009	5,597,984	4,804,956
" 26,...	31,639,603	5,587,012	4,186,055	23,978,478	5,472,615	5,120,902
June 2,...	31,747,070	5,683,482	4,335,013	24,884,644	5,373,322	5,372,748
" 9,...	31,951,716	5,632,807	4,354,599	24,973,011	5,161,280	5,355,034
" 16,...	32,132,654	5,630,503	4,298,023	24,807,057	5,036,828	5,396,328
" 23,...	32,564,655	5,609,926	4,324,735	24,143,314	5,144,628	4,800,094
" 30,...	32,911,578	5,573,999	4,430,057	24,410,423	5,583,644	5,233,273
July 7,...	33,206,661	5,545,007	4,749,220	24,307,782	5,733,574	5,422,124
" 14,...	33,118,502	5,579,945	4,859,921	24,183,604	5,936,594	5,415,203
" 21,...	33,086,808	5,613,724	5,005,533	24,485,817	5,794,325	5,219,445
" 28,...	33,883,373	5,579,788	5,055,276	24,764,281	5,918,294	5,308,984
Aug. 4,...	33,517,900	5,660,187	5,026,070	24,658,289	5,984,242	5,406,075
" 11,...	33,543,878	5,652,730	4,999,935	24,217,855	6,339,018	5,204,511
" 18,...	33,506,039	5,552,605	5,006,851	24,147,814	6,400,830	5,316,223
" 25,...	33,731,575	5,488,051	5,002,418	24,237,662	6,533,786	5,446,155
Sept. 1,...	33,899,351	5,543,160	5,071,855	24,597,596	6,518,107	5,322,089
" 8,...	34,631,350	5,546,157	5,192,335	25,062,171	6,632,905	5,139,978
" 15,...	35,015,676	5,515,044	5,177,587	24,750,163	7,420,242	5,104,687
" 22,...	34,871,535	5,449,027	5,174,550	24,194,214	7,702,439	5,212,073
" 29,...	34,599,387	5,440,140	5,111,474	24,997,926	7,255,049	6,035,429
Oct. 6,...	34,826,063	5,453,743	5,095,704	25,419,340	7,119,340	5,714,780
" 13,...	35,298,494	5,503,970	5,091,061	25,735,561	7,171,391	2,396,801
" 20,...	35,526,351	5,467,907	5,050,614	25,892,970	7,244,194	2,250,832
" 27,...	35,748,566	5,454,225	5,054,250	26,269,805	7,235,123	2,209,648
Nov. 3,...	35,514,335	5,458,029	4,889,890	26,938,714	7,126,338	2,179,074
" 10,...	35,978,123	5,524,621	4,763,487	27,396,678	6,217,072	1,989,908
" 17,...	36,737,071	5,511,954	4,655,755	27,368,122	7,260,093	2,255,410

RHODE ISLAND BANK RETURNS.

The banks in Rhode Island out of Providence make their returns monthly. We give returns for May, August, September, and November. Taking all the Rhode Island banks together, the following will be seen to be the principal changes:

	Banks out of Providence.			Providence Banks.		
	Loans.	Circulation.	Deposits.	Loans.	Circulation.	Deposits.
Nov. 3,....	\$7,006,849	\$2,030,425	\$1,194,416	\$23,091,100	\$4,264,400	\$4,331,800
May 5,....	6,713,567	1,332,577	855,203	19,538,310	1,979,828	3,134,601
Increase.	\$293,282	\$697,848	\$239,213	\$3,552,790	\$2,984,572	\$1,196,999
Making the total increase of all the Rhode Island banks as follows.....				Loans.	Circulation.	Deposits.
				\$3,846,072	\$2,982,420	\$1,435,913

The following are the returns of the banks out of Providence:

RHODE ISLAND BANKS OUT OF PROVIDENCE. (Capital, \$5,187,979.)

	Loans.	Circulation.	Specie.	Deposits.
May 5	\$6,713,567 28	\$1,332,577 00	\$154,031 24	\$855,203 03
Aug. 4	6,774,060 60	1,730,886 00	138,058 46	1,052,985 15
Sept. 1	6,829,077 15	1,942,870 00	137,422 16	1,129,830 05
Nov. 3	7,006,849 95	2,030,425 00	132,707 25	1,194,416 44

We are able to continue our tables this month of the Providence banks to November 15th:

PROVIDENCE BANKS. (Capital, Jan., 1862, \$15,454,600.)

Date.	Loans	Specie.	Circulation.	Deposits.	Due to banks.	Due from banks.
Jan. 11,	\$19,356,800	\$408,700	\$1,889,600	\$3,054,600	\$1,099,800	\$915,400
" 18,	19,238,700	402,900	1,890,300	2,899,200	1,071,500	898,500
" 25,	19,160,600	394,700	1,756,600	2,899,600	959,400	1,057,400
Feb. 1,	19,160,600	394,700	1,811,100	2,950,500	871,800	925,500
" 8,	19,087,700	395,900	1,814,300	2,915,200	900,400	934,700
" 15,	19,109,400	394,800	1,784,000	2,762,200	911,100	1,081,000
" 22,	18,869,800	396,800	1,879,100	2,792,700	893,900	1,180,000
Mar. 1,	18,920,500	407,500	1,791,200	2,924,400	953,900	1,283,000
" 8,	18,953,900	405,100	1,973,500	3,030,600	1,131,500	1,598,800
" 15,	18,998,600	408,500	1,848,100	2,946,800	1,103,200	1,484,300
" 22,	19,148,400	408,300	1,879,200	3,060,900	1,085,000	1,407,700
" 29,	19,360,500	411,300	1,857,100	3,078,800	1,021,000	1,165,400
Apr. 5,	19,641,000	417,500	2,102,000	3,124,000	1,115,500	1,063,200
" 12,	19,719,200	416,600	2,036,300	3,017,700	1,081,000	894,800
" 19,	19,644,500	408,600	1,953,400	3,015,900	1,020,400	845,400
" 26,	19,620,300	413,700	1,877,200	3,123,500	948,400	961,200
May 3,	19,538,410	417,378	1,979,828	3,134,601	950,430	1,156,072
" 10,	19,070,200	410,300	1,969,400	3,164,700	1,132,500	1,714,400
June 7,	19,236,100	395,600	2,016,600	3,342,400	1,653,000	2,101,900
" 14,	19,641,600	388,500	2,182,700	3,274,600	1,666,500	1,818,200
" 21,	19,827,500	385,500	2,324,900	3,153,600	1,627,500	1,744,400
" 28,	20,235,500	383,400	2,510,500	3,283,200	1,873,500	1,753,700
July 5,	20,588,800	382,100	2,888,300	3,531,500	1,763,900	1,858,800
" 12,	20,416,400	383,000	2,953,800	3,183,100	1,744,600	1,796,600
" 19,	20,494,600	384,800	2,980,200	3,347,300	1,918,500	2,023,400
" 26,	21,078,400	376,400	3,143,100	4,282,200	2,061,800	2,150,200
Aug. 16,	21,051,000	367,600	3,086,700	3,780,500	1,646,200	1,927,500
" 23,	21,119,500	363,300	3,102,000	3,569,900	1,804,600	2,090,700
Sept 6,	21,279,200	353,700	3,394,200	3,704,200	1,844,800	1,683,306
" 20,	21,894,200	35,690	3,484,300	3,731,600	1,710,800	1,642,300
Oct. 11,	22,197,400	379,000	4,006,600	4,066,000	1,751,100	1,859,900
" 25,	22,618,200	357,700	4,128,200	4,083,200	2,121,300	1,913,500
Nov. 8,	23,091,100	359,400	4,264,400	4,331,300	1,999,700	1,563,300
" 15,	23,365,700	369,100	4,361,200	4,402,900	1,948,800	1,315,700

NEW JERSEY BANKS.

Below we give the principal items of the last returns of the New Jersey banks, and also the returns for January, 1861. By comparing the two it will be seen that there is an increase of \$4,000,000 in circulation, and over \$2,500,000 in deposits:

	LIABILITIES.	
	October, 1862.	January, 1861-
Capital stock.....	\$8,020,262 50	\$8,246,944
Circulation.....	8,124,528 00	4,164,799
Deposits.....	7,880,384 67	5,117,817
Discounts.....	14,989,630 76	13,864,045
Specie.....	1,085,351 97	1,049,090
Stocks.....	4,128,711 69	899,831

NEW HAMPSHIRE BANKS.

There are in New Hampshire fifty-two banks. We give the returns of these banks for June and December, 1861, and June 1862. Up to the date of the last returns there had only been an increase of about \$200,000 in the circulation:

	LIABILITIES.		
	June, 1861.	December, 1861.	June, 1862.
Capital.....	\$5,081,000	\$5,081,000	\$4,891,200
Circulation.....	2,985,894	2,994,408	3,183,255
Deposits.....	1,268,726	1,376,853	1,806,518
Miscellaneous.....	491,470	474,301	477,857
Total Liabilities.....	\$9,777,090	\$9,876,562	\$9,858,830

	ASSETS.		
Loans.....	\$8,347,238	\$8,368,941	\$7,855,776
Specie.....	301,841	318,106	42,736
Real estate.....	78,321	78,253	64,381
Bank balances.....	883,152	907,440	1,328,897
Bills of other banks.....	166,538	203,822	197,040
Total assets.....	\$9,777,090	\$9,876,562	\$9,858,830

BANK OF ENGLAND.**WEEKLY STATEMENT.**

The returns of the Bank of England the past month, show a continued decrease in bullion each week:

For the week ending October 15.....	decrease	£317,596
" " " 22.....		317,561
" " " 29.....		395,845
" " November 5.....		91,044
Total decrease from October 8 to November 5.....		£1,122,346
Decrease preceding four weeks.....		1,059,559
Total decrease since September 10.....		£2,181,905

On the 29th of October the bank rate of discount was raised to 3 per cent. This change was made on account of the higher value of money over the continent, and the consequent exportation of bullion from England, and also because of the unusually large shipments of silver to India, promoted, as they have been, by the increased cotton purchases of late.

The other changes are immaterial.

Date.	Circulation.	Public Deposits.	Private Deposits.	Securities.	Coin and Bullion.	Rate of Discount.
Jan. 1...	£20,818,190	£7,345,833	£15,036,062	£30,419,780	£15,961,439	3 pr. ct.
" 8....	21,086,675	4,542,974	18,206,488	31,022,505	16,046,017	2½ "
" 15....	21,460,925	4,588,353	16,480,452	29,509,864	16,291,626	2½ "
" 22....	21,697,928	5,467,340	15,366,081	29,464,720	16,350,939	2½ "
" 29....	21,183,376	5,753,063	14,751,486	28,696,456	16,280,369	2½ "
Feb. 5....	21,427,554	5,788,441	14,179,917	28,834,352	15,956,903	2½ "
" 12....	21,236,312	4,884,989	15,526,334	29,010,241	16,042,949	2½ "
" 19....	20,772,726	5,897,144	15,085,843	28,771,812	15,894,405	2½ "
" 26....	20,736,715	5,762,849	14,939,742	29,024,962	15,749,065	2½ "
Mar. 5....	21,217,246	6,755,287	13,737,507	29,692,441	15,673,898	2½ "
" 12....	20,013,685	7,527,911	13,763,718	29,489,795	16,027,111	2½ "
" 19....	20,488,509	8,011,694	13,340,928	28,953,089	16,548,586	2½ "
" 26....	20,814,655	8,413,275	13,154,258	29,140,207	16,812,798	2½ "
April 2....	21,501,595	8,456,468	13,622,532	30,398,790	16,849,198	2½ "
" 9....	21,822,105	5,625,314	16,836,169	29,981,793	16,881,940	2½ "
" 16....	22,048,463	5,225,132	15,710,260	29,325,888	16,748,434	2½ "
" 23....	21,655,553	5,584,973	15,915,247	29,022,128	17,172,204	2½ "
" 30....	21,946,997	6,867,375	14,357,007	29,164,075	17,089,446	2½ "
May 7....	21,752,884	7,503,991	13,866,643	28,961,214	17,265,745	2½ "
" 14....	21,618,780	6,304,683	14,948,308	29,076,079	16,919,147	2½ "
" 21....	21,539,430	6,557,811	14,567,671	29,433,044	16,344,940	3 "
" 28....	21,265,561	6,937,808	14,685,087	29,824,704	16,178,815	3 "
June 4....	21,515,263	7,518,007	13,188,136	29,841,864	15,489,723	3 "
" 11....	21,329,641	8,825,516	13,156,662	31,396,492	15,036,100	3 "
" 18....	21,076,059	9,322,949	13,085,271	31,342,547	15,268,453	3 "
" 25....	21,172,057	9,629,594	13,399,245	31,424,661	15,909,638	3 "
July 2....	22,242,361	9,672,345	13,851,869	32,709,039	16,220,771	3 "
" 9....	22,504,490	5,429,939	17,199,715	31,287,912	17,055,537	2½ "
" 16....	23,085,409	5,223,580	17,063,630	30,942,358	17,671,890	2½ "
" 23....	22,942,503	5,291,213	17,202,923	30,631,501	18,060,617	2 "
" 30....	22,933,036	5,895,840	16,903,068	30,542,050	18,448,443	2 "
Aug. 6....	23,378,393	6,157,358	15,232,959	30,162,297	17,956,938	2 "
" 13....	22,920,727	6,838,546	14,594,854	29,929,352	17,778,846	2 "
" 20....	22,900,555	7,150,252	14,568,007	30,309,703	17,674,604	2 "
" 27....	22,079,890	7,508,882	14,865,006	30,106,295	17,673,698	2 "
Sept. 3....	22,348,918	7,671,934	14,973,470	30,808,748	17,825,220	2 "
" 10....	21,895,385	8,768,329	13,809,643	30,504,527	17,611,538	2 "
" 17....	21,610,987	9,074,279	13,733,905	30,700,116	17,365,753	2 "
" 24....	21,300,731	9,268,106	13,825,230	30,874,552	17,166,742	2 "
Oct. 1....	22,365,351	8,486,834	13,595,837	31,140,897	16,949,137	2 "
" 8....	22,137,670	8,333,779	13,530,122	31,101,260	16,548,156	2 "
" 15....	22,395,352	6,253,982	15,712,485	31,192,688	16,230,230	2 "
" 22....	22,271,497	5,944,238	15,197,661	30,566,930	15,912,699	2 "
" 29....	21,733,522	6,091,697	16,455,543	31,339,976	15,516,854	3 "
Nov. 5....	21,878,952	6,271,105	14,797,889	30,788,184	15,425,810	3 "

AMERICAN CURRENCY IN CANADA.

The following order has been issued under date of October 31, 1862:

ORDER AUTHORIZING COLLECTORS OF CUSTOMS TO MAKE CERTAIN DEDUCTIONS FROM AMERICAN INVOICES.

His Excellency the Governor-General, in council, was pleased to lay be-

fore the council a memorandum of this day's date from the Hon. the Minister of Finance, stating that it has been represented to his department that the paper currency authorized and made a legal tender by the United States Government has become greatly depreciated in value, and that the market value of goods in the several markets of the United States is based upon the nominal value of the said paper currency, and that the levying of duty upon this value so based is injurious to trade, and has the effect of making the duty so imposed greater than it would be if imposed upon the fair market value thereof, if such value was expressed in the standard currency of the United States, which was the only legal currency in that country where the customs laws of this Province were enacted.

His Excellency was pleased to order, and it is hereby ordered, that, with a view to remedy as far as possible the evils complained of, all invoices of goods purchased on and after the 1st day of November prox., in the United States, the prices of which are based upon such depreciated paper currency, shall, upon the entry thereof, be accompanied by a certificate, under the hand and seal of a British Consul, showing the percentage of depreciation of American paper currency as compared with gold, on the day of the date of such invoice; and that collectors of customs in this province be authorized to deduct the amount of such percentage from the invoice, and compute the duties upon the amount remaining after such deductions.

CIRCULAR TO COLLECTORS OF CUSTOMS.

Quebec, November 11, 1862.

SIR: With reference to the order of the Governor-General in Council, of the 31st October last, published in the *Canada Gazette* extra of November 3d, of which a copy was inclosed to you for your guidance, I have further by desire of the Finance Minister to inform you that all invoices of goods purchased in the United States must be made out and presented at the Custom-house, in the prevalent current prices of the United States markets, and as they would be paid for in the depreciated paper currency of that country at the time of the transaction; and should invoices of goods purchased in American markets be presented showing the value of such goods in gold instead of such depreciated currency, it will be your duty in such cases to consult the prices current in New York, and otherwise ascertain by any means in your power, the current value, in such depreciated currency, of the goods mentioned in such last mentioned invoices, and thereupon to make such additions to the gold invoices as will be justified by the prices current as quoted in the *New York Spectator* or *Journal of Commerce*. The deduction is then to be made from the amount of the invoice in accordance with the percentage of depreciation shown by the consular certificate.

I am, sir, your obedient servant,

R. S. M. BOUCHETTE.

STATISTICS OF AGRICULTURE.

1. POPULATION AND AGRICULTURAL AND MINERAL PRODUCTS OF THE UNITED STATES. 2. THE
BRITISH CONSUL AT CHARLESTON AND THE COTTON CROP. 3. HUNGARIAN WINES.

POPULATION AND AGRICULTURAL AND MINERAL PRODUCTS OF THE UNITED STATES.

The following is a tabular statement which was appended to a recent circular from the Commissioner of Agriculture, on the present agricultural, mineral, and manufacturing condition and resources of the United States :

POPULATION, AREA, AGRICULTURAL PRODUCTIONS, &C.

Population, white.....	26,975,575
“ free colored.....	487,996
“ slaves.....	3,953,760
Total, including Indians.....	31,749,281
Area of the United States.....square miles	3,250,000
Aggregate of real and personal property. ....dollars	16,159,616,068
Value of productions of industry	1,900,000,000
Cash value of farms	6,650,872,507
Cash value of farming implements and machinery....	247,027,496
Value of live stock.....	1,107,490,216
Value of lands improved.....	163,261,383
Value of lands unimproved.....	246,508,244
Wheat crop.....bushels	171,183,381
Rye crop.....	20,976,286
Indian corn	830,451,707
Oat crop.....	172,554,688
Rice.....pounds	187,140,173
Tobacco	429,390,771
Ginned cotton.....bales, 400 pounds	5,198,077
Wool	60,511,343
Peas and beans.....bushels	15,188,013
Irish potatoes.....	110,571,201
Sweet potatoes.....	41,606,302
Barley.....	15,635,119
Buckwheat.....	17,664,914
Value of orchard products.....dollars	19,759,361
Wine.....gallons	1,860,003
Productions of market gardens.....dollars	15,541,027
Butter.....pounds	460,509,854
Cheese.....	105,875,135
Hay.....tons	19,129,128
Clover seed.....bushels	989,010
Grass seed.....	900,386
Hemp, dew rotted.....tons	83,247
Hemp, water rotted.....	3,943

Hemp, other prepared.....	tons	17,800
Hops.....	pounds	11,040,012
Flax.....		3,783,079
Silk cocoons.....		6,562
Maple sugar.....		38,863,884
Cane sugar.....	hogsheads, 1,000 pounds	302,205
Cane molasses.....	gallons	16,337,080
Sorghum molasses.....		7,235,025
Maple molasses.....		1,944,594
Beeswax and honey.....	pounds	26,386,855
Value home-made manufactures.....	dollars	24,358,222
Value of cotton goods produced in the year ending June 1st, 1860.....		115,137,926
Value of woolen goods produced.....		68,865,963
Leather produced.....		63,090,751
Boots and shoes manufactured in the year ending June 1st, 1860.....		89,549,900
Value of animals slaughtered.....		212,871,653
Number of horses.....		7,300,972
Number of asses and mules.....		1,296,339
Number of sheep.....		24,823,566
Number of neat cattle.....		28,987,346
Number of swine.....		36,022,276
Agricultural implements produced in the United States		17,802,514
Value of sewing machines.....	dollars	5,605,345
Number of patents issued for improvements and inven- tions in agriculture in 1861.....		521
Newspapers and periodicals, 1860.....		4,051
Value of steam engines and machinery.....	dollars	47,118,550

MINERAL PRODUCTS, ETC.

Gold from California in the year 1859.....	dollars	47,744,462
Silver coined at mint.....		610,011
Quicksilver.....	flasks	45,023
Quicksilver, value of.....	dollars	2,000,000
Copper.....	tons	14,432
Copper, value of.....	dollars	3,316,516
Pig iron.....	tons	884,474
Pig iron, value of.....	dollars	19,487,790
Zinc.....	tons	11,800
Zinc, value of.....	dollars	72,600
Lead, value of.....		977,281
Nickel.....	tons	2,348
Nickel, value of.....	dollars	28,176
Coal, anthracite.....	tons	9,389,330
Coal, bituminous.....		5,775,077
Coal, value of.....	dollars	19,365,765
Area of coal in United States.....	square miles	200,000
Coal oil.....	barrels	1,092,450
Coal oil, value of.....	dollars	1,092,450
Coal oil, daily flow from wells in Pennsylvania..	barrels	5,717
Salt, value of, manufactured in the U. S., 1860..	dollars	2,265,302

FISCAL RESOURCES, NATIONAL DEBT, ETC.

Aggregate value of imports in the year 1860...dollars	334,350,453
Aggregate value of exports.....	248,505,454
Value of imports under the reciprocity treaty.....	20,019,427
Tonnage of the United States..... tons	5,539,813
Tonnage, value of.....dollars	221,592,092
Indirect trade.....	34,224,444
Fisheries, the products of 1860	12,924,092
Excess of specie and bullion imports over exports.....	16,548,531
Revenue from customs and public lands	40,452,784
Total of the national debt December 1, 1861.....	267,540,035
Estimated quantity of coin in the U. S.\$275,000,000 to	300,000,000
Number of banks	1,642
Bank capital.....dollars	421,890,095
Circulation of banks.....	207,102,477
Spirituuous liquors distilled.....gallons	88,002,983
Spirituuous liquors, value of.....dollars	24,253,176
Malt liquors brewed.....barrels	3,239,545
Malt liquors, value of.....dollars	18,001,135

RAILROADS, ETC.

Aggregate length of railroads in 1860 .....miles	31,196½
Cost of construction .....dollars	1,166,422,729
City passenger railroads.....miles	402
Cost of construction.....dollars	14,862,840
Length of internal navigation.....miles	30,000
Length of lines of telegraph.....	40,000
By act of Congress of July 1, 1862, a charter was granted to the Atlantic and Pacific Railroad Company, with a capital of.....dollars	100,000,000
For the construction of a railroad, with branches, from the Mississippi River to the Pacific Ocean.....miles	1,800
In aid of this colossal enterprise Congress has made a very liberal donation by grants of public lands lying on the route, and a loan of thirty years' six per cent United States bonds to the amount of about...dollars	60,000,000

EDUCATIONAL.

The number of principal colleges and professional schools in the United States, including theological, law, and medical, in 1860, was 233. By an act of Congress of July 2, 1862, about 10,000,000 acres of public lands were appropriated for the support of colleges and schools for the benefit of agriculture and the mechanic arts in the several States and Territories of the Union. Five millions of persons received instruction in the educational institutions of the United States in the year ending June, 1860. The system of common school education has been adopted in nearly all the free States.

THE BRITISH CONSUL AT CHARLESTON ON THE COTTON CROP.

The British Foreign Office had issued a letter written by Mr. BUNCH, the British Consul at Charleston, touching the quantity of cotton now in the Southern States. This letter is dated 13th of August last, and Mr. BUNCH professes to have been at some pains to collect his information, and thinks it may be depended upon. He says:—"There can be but little doubt that the crop of 1862 would, under ordinary circumstances, have reached 4,500,000 bales, but in consequence of the civil war not more than 1,500,000 have been planted. It is thought by some that the present crop will not exceed 1,000,000 bales, but I have reason to believe that the supply from Texas has been under estimated. That State has been, as yet, very little disturbed by military operations, so that agriculture has been less interfered with than elsewhere. On the banks of the Mississippi very little cotton has been planted, as the danger is too great. It is only in the interior of the various States, at a distance from the great rivers, that the crop of this year is to be found.

"The crop of 1860 was disposed of, and, in a considerable measure exported, before the blockade of the Southern ports was established, but it is calculated that 750,000 bales still remain on hand.

"The crop of 1861 amounted to about 2,750,000 bales. Of these about 1,000,000 have been destroyed at various places, to prevent their falling into the hands of the federals; the rest is stored in the interior of the different States. Much of it has been bought by foreigners, who hope to preserve it as neutral property through all the dangers of the war.

"About 50,000 bales have run the blockade successfully, chiefly to Nassau. One cargo has gone to Barcelona and one to France. I do not take into account the product of the Sea Islands of South Carolina and Georgia. They are in the possession of the federals, and I have no means of ascertaining whether any cotton at all has been grown there during the present season.

"The amount, therefore, of cotton remaining in the Southern States at this date, which might be available to foreign commerce as soon as the blockade is removed, may be said to stand thus:

Remainder of crop of 1860.....	bales	750,000
Undestroyed crop of 1861.....		1,750,000
Crop of 1862 (not yet picked).....		1,500,000
Total.....		4,000,000
Shipped through the blockade.....		50,000
Remaining in the South.....		3,950,000

"It must, of course, be remembered, that a portion or the whole of this accumulation may be destroyed at any moment by the Southern people."

HUNGARIAN WINES.

Hungary produces a great variety of wines, both white and red, and in immense quantity, being in fact, next to France, the greatest wine producing country in the world—the annual production of France and Hungary respectively being as seven to four. The peculiar geographical position of the latter country, however, and the jealousy with Austria has hitherto

guarded her from all communication with the outer world, kept her wines, with a few exceptions, until within the last ten years, entirely out of the world's markets. The exception were Tokay, "Imperial Tokay," and Menes and Ruszt, the white and red liqueur wines of the country, which two centuries ago were the prime rarities at all the royal tables of Europe. Of Tokay we have had extremely little experience in this country. When Prince METTERNICH was Ambassador to the Prince Regent of England he introduced it to the banquets of Carlton-house and Pavillion, adding—which was a pure invention of his own—that it was only produced on one of his estates. The truth is, that there is a whole hill district of about five miles square in which the Tokay wine is made, and so precious is it deemed that every magnet in the whole country holds a small farm in this favoured spot. One cause of the rarity of this extraordinary wine is, that it can only, in the best sort, it is asserted, be made from grapes which have dried on the vine, and as this only happens in exceptionally hot summers, the vintage takes place at long and irregular intervals. Even then the juice of the grape is reduced to the strongest essence, and from this the wine is made. The red liqueur wines, "Menes" and "Ruszt," go through the same process, and, when genuine, are of the same rarity and value. For Tokay a virtue is claimed which will cause many to think it cheap at any price. It is said to have peculiarly strengthening and restorative properties for persons at an advanced period of life. It is asserted that the famous life-prolonging draught with which the late Princess LIEVEN was wont to oblige her particular friends, was nothing but Tokay of the finest vintage. About 2000 bottles is the whole stock of the genuine article now to be found in all Hungary, and the character claimed for it is that it is "the *beau ideal* of liqueurs, clear as oil, thick as honey, pungent as either, and a *grand restorative for the aged and debilitated*." But, descending from the almost inaccessible Tokay, and Menes, and Rustz, which are all three classed under the musical name of "Aszu," or sweet wines, and only used as liqueurs and restoratives, Hungary produces the finest red and white wines, the former rivalling claret and Burgundy, and some of them "humble port" in flavour, but far surpassing them in purity and aroma; and the latter, the finest "dry" table wines in the world. They are produced in such abundance that adulteration is never thought of; and with relaxed Austrian fiscal regulations, and improved means of transit, they could be sold in the markets of the world at the most moderate prices.

JOURNAL OF MINING, MANUFACTURES, AND ART.

1. WONDERFUL COPPER DISCOVERY IN THE PORTAGE LAKE DISTRICT. 2. PETROLEUM—ITS USE AS A FUEL. 3. THE DISCOVERY OF SHOT-MAKING. 4. THE ATLANTIC TELEGRAPH.

WONDERFUL COPPER DISCOVERY IN THE PORTAGE LAKE DISTRICT.

SOME two weeks ago says the *Lake Superior News and Journal* of Oct. 31st, a huge mass of float copper, weighing at least twenty tons, was discovered on the location of the Mesnard Mine, at Portage Lake. In size it was some *sixteen* feet long, *four* wide, and *one-and-a-half* thick, which is by far the largest *float* mass ever before found upon the Lake. Such being its prodigious weight, it was patent that it came from a vein near by, as it was impossible that any human agency known to exist in the past, could have moved it a great distance. Beneath it, charcoal was found, and also stone hammers, indicating plainly that the ancient miners, whose history is unwritten, and of whom nothing is known except as traces of their workings are thus found, had either taken it from its original bed and placed it in fire, in order to burn the rock from it, or finding it upon the spot where it was now discovered, placed it in the fire for the same purpose. We find those who are of the opinion it was never put in the place where it was found by human agency, for the reason that a large amount of the float copper in small masses, weighing from a half pound to fifty, are found scattered immediately around it. Already some two tons have been gathered, and whose existence in proximity with the large mass, would indicate that water and ice may have been the agencies by which they were thus moved and scattered from their original resting place. The agency, however, by which they were thus placed over the surface, it is not so important to know, as their existence, and the more important fact to which they point, viz: *that they must have come from some vein near at hand*. With this conviction, simultaneously with the cutting up of the huge mass, and the collecting of the smaller ones, the work of a most thorough exploration was begun, in order to find the vein from which they came. What was thus reasonably manifest, seems to have been accomplished, for the work of a few days uncovered, about forty feet distant from the huge float, *a mass of still larger dimensions in the vein itself*. At last accounts, this new wonder had been stripped some five feet in breadth for a length of twelve feet, and three thick, with no indication of growing less at any point. It is opened sufficiently to indicate that it will far exceed the float mass. The vein in which it is found has been known for years. It runs through the Quincy, Pewabic, Franklin, Pontiac, Albany, and Boston, &c., and they all, in the value of their stock, must at least feel the effect of this development. The vein is of the Epidote character, but from some cause seems to spread and soften at the spot of this discovery. We have heard it described as an Amygdaloid belt of the Epidote character. The agent of this thus fortunate mine, is prosecuting the work of opening the vein with diligence, employing all the labor he can obtain. The general impression among the oldest and

ablest mining men is that a vein of extraordinary richness has been struck, which will add new interest to this heretofore wonderful district.

Portage Lake is the general name by which that section is known. The Lake itself is an inland body of water, cutting the range nearly east and west but whose general course is south-east and north-west. Its outlet is into the west side of Keweenaw Bay, and has been made navigable for first-class steamers. This, however, has been secured by dredging out the channel at its confluence with the bay, and building piers on each side to protect it from the action of the waves. A number of its shortest bends have also been abandoned, and new channels cut, while others have been greatly improved, which was easily done, the shores of the outlet being marshy. These improvements have cost about \$50,000; but the parties making them have organized themselves into a corporation, known as the "Portage River Improvement Company," and levied a toll upon all articles passing either way until they shall have been reimbursed. This toll is a small consideration to the benefits conferred, as steamers now pass in and out, by day or by night, at pleasure.

This Lake, with its outlet, extends nearly across the base of Keweenaw Point—there being a portage of only two miles between its north-western extremity and Lake Superior—one half of which distance is low marshy land, which can be easily opened, while the remaining mile, through dry land is low—simply a sand beach covered with Norway pine. There is no question but that what is now Portage Lake was, at one time, simply a vein of Lake Superior, connecting its waters on the west side of Keweenaw Point with those of Keweenaw Bay, thus leaving the point itself an island; nor have we any question but that the day is hastening when this short portage will again be opened, and made to contribute to the security and dispatch of commerce. It is estimated that \$100,000 judiciously expended, would so open it as to permit the passage of steamers and vessels. This would secure at once the double advantage of shortening the distance from Portage Lake ports, to those above nearly one hundred miles, and affording a good and secure harbor on a dangerous coast now without one; while every west wind would cause a current of pure fresh water to course through this passage, the value of which to health cannot be estimated.

This channel, from the outlet of Portage Lake, to where, if thus opened, it would again connect with Lake Superior, would be about twenty-six miles in length, with an average depth of fifty feet, and half a mile in width. It cuts the copper range nearly midway from the Bay to the Lake, it being fourteen miles from this point by Portage Lake to Keweenaw Bay, and twelve to Lake Superior. Upon each side the hills of trap rock rise at an angle of some twenty degrees to a height of five and six hundred feet. Up these angles, and on these summits, are located copper mines of remarkable richness, that are being worked with great vigor and success. At their base are located the villages of Houghton and Hancock.

PETROLEUM—ITS USE AS A FUEL.

Few but those who have visited France, can form any idea of the high price of fuel in that country, or of the vast variety of methods which are employed to economize this necessary of life. Patents, without number, have been granted in France for the manufacture of "artificial fuel." In

order to explain this subject more thoroughly, we subjoin one or two of the processes which are largely employed, not only in Europe, but also among the half civilized Orientals.

In the neighborhood of the Caspian Sea, where petroleum springs are abundant, the inhabitants manufacture a fuel by impregnating clay with the combustible fluid; the clods are afterwards burned on an ordinary hearth. The Norwegians have long economized the saw-dust of their mills by incorporating it with a little clay and tar, and moulding it into the form of bricks. Of late years, in England, much attention has been given to artificial fuel in many districts, but not with much success, owing to the want of a suitable combustible, which petroleum is, above all others, best adapted to supply. In France, charcoal is prepared from the refuse of the charcoal furnaces, by mixing it with charred peat or spent tar, and then adding tar or pitch. The materials are ground together and subjected to heat in close vessels, to expel volatile gases. From seven to nine gallons of tar are mixed with two hundred weight of charcoal powder.

In rural districts, where common fuel is often very expensive, gas, manufactured in portable works, would be largely used for culinary operations, as it now is where the supply of gas is constant and cheap. But there is no necessity to convert petroleum into gas, in order to use it as fuel. Stoves have been constructed for the combustion of this substance without the use of a glass chimney, and without the production of smoke. It will necessarily, from its cheapness, supercede alcohol, which is commonly used as fuel for cooking purposes during the summer months. And we may soon look for its adoption as fuel for the generation of steam in our ocean steamers, where economy in bulk and weight is so great a desideratum.—*The Philadelphia Coal Oil Circular.*

THE DISCOVERY OF SHOT-MAKING.

About seventy years ago there lived in the city of Boston, England, a Mr. WILLIAM WATTS, a plumber and glazier. To this occupation he added that of a shot-maker. At that time shot-making was but a partially developed art, and consisted in letting drops of melted lead fall into a vessel of water at a height of but two or three feet, which caused the drops to suddenly cool in a rounded form. But as the metal did not thoroughly solidify before it reached the water, the sudden contact of it with the latter caused a slight indentation on the surface of every shot exactly at the point where it first touched the liquid. In fact, it destroyed or rather prevented perfect sphericity—a slight imperfection to all appearance, but quite sufficient to prevent the little missiles from travelling in a straight line when sent from a gun.

Mr. WATTS was a bit of a sportsman himself, and seeing that with the shot as then made he could not secure a certain aim, he investigated the matter, and soon came to the conclusion that that imperfect sphericity was the cause of the shot flying wide of the mark. The fault ascertained, the question next was how to correct it. He racked his brain day and night, hoping to discover some method of making a perfectly round shot—many were the experiments he made, but all in vain, and he at last gave up the idea in despair.

But Mr. WATTS had a wife who was not so easily beaten, and she had

set her wits to work also. She was a remarkably quiet, thoughtful woman, and took it into her head that, as there was a cure for almost every ill, so there might be a remedy for bad shot. She was one of those who didn't know what impossibilities meant. This idea having entered her mind, there it remained, and we all of us know that if a woman sets her heart on accomplishing anything, accomplish it she will. Day after day she watched the process of shot-making, as she sat by the water tank knitting away for dear life, but saying never a word, though eye, brain and fingers were not unemployed for a moment. So matters went on for many months; Mr. WATTS became desponding; his business fell off, and poverty stared him in the face. Rather than make imperfect shot, he cared not to make any, and he soon must have gone to ruin had it not been for a dream.

One night Mr. WATTS was suddenly aroused from comfortable slumber by a vigorous shake of his shoulder. Rubbing his eyes, and "God blessing himself," he sat bolt upright in bed, and perceived with great surprise (for the moon was shining into the chamber,) that his usually quiet wife was pacing the room, exclaiming, not "Eureka," but something very much to the same effect: "I've found out how to do it;" and then she added: "Get up directly, William, I've made your fortune."

Mr. WATTS was now thoroughly awake, and Mrs. WATTS related her "vision of the night."

She had dreamed (or rather thought in her sleep) that, if the drops of molten lead were allowed to fall through the air from a considerable height, so as to get thoroughly hardened before they reached the water, their perfect spherical forms would not be damaged by the sudden contact therewith. The next morning Mr. and Mrs. WATTS, in great secrecy, tried the experiment. Opposite their house was a lofty old church tower—that of St. Mary Redcliffe—and this tower was selected as the scene of operations. The sexton was a neighbor. From him the key was borrowed, and by eight o'clock Mr. WATTS was there with a charcoal brazier, some lead, a bucket of water, and the shot card (or mold) as the implement was called, through which the melted lead was poured or strained to form drops. You may be sure they locked themselves in. The staircase of the tower was circular, so that a "well" was formed from the top to the bottom—just the thing required. At the summit Mr. WATTS fixed his "card," while at the bottom Mrs. WATTS stood beside the pail of water, on the added contents of which, before long, so much might depend.

All was at length ready, and down dropped the molten shower of glistening globules of metal. Hissing and spattering they fell into the water, until all the lead above was used, and then, with eager haste, Mrs. WATTS plunged her hand into the now warm fluid, and drew some of the shot therefrom. Examining them eagerly she had the inexpressible delight of seeing that each and all were faultless—perfectly and entirely spherical. The problem was solved—the triumph achieved—and, as she said, she had made her husband's fortune.

Mr. WATTS speedily procured a patent, and "WATTS' Patent Shot" was patronized by King GEORGE the Third and his scapegrace son, the Prince of Wales. In fact, it speedily superceded all other sorts, and Mr. WATTS in a brief period realized an enormous fortune.—*Commercial Bulletin.*

NAUTICAL INTELLIGENCE.

1. IMPORTANT EXPERIMENT ON THE IRON-CLAD STEAMER PASSAIC. 2. CAPT. ERICSSON ON THE PASSAIC'S TURRET.

IMPORTANT EXPERIMENT ON THE IRON-CLAD STEAMER PASSAIC.

A FIFTEEN-INCH GUN FIRED INSIDE THE TURRET—SUCCESS OF THE EXPERIMENT.

THE first actual trial-trip of the Passaic, the new iron-clad on the plan of the Monitor, lately launched at Greenpoint, took place November 17. The vessel had been from her dock before for the purpose of experimenting as to certain results which Capt. ERICSSON desired to accomplish. From these trips, which were not intended to try the speed or general capacities of the ship, many naval men predicted the conclusion that, in many important points, the vessel would not come up to the standard expected and required. Capt. ERICSSON, however, well understood the merits of his own inventions, and only awaited an appropriate opportunity not merely to convince them of their error, but rather to astonish them with a degree of success that the most sanguine had not anticipated. Not satisfied with building a vessel that is utterly impregnable, and placing on it a fifteen-inch gun—a gun never before used in naval warfare—he has now consummated an invention by which this gun is fired inside the turret, the muzzle not protruding outside the shield, without danger or inconvenience to those inside, and worked by only four men. It is also proved that the vessel will be able to attain a speed of at least nine knots an hour.

All the navy men were incredulous that a gun twenty-one tons in weight could be fired inside a turret twenty-one feet in diameter without having its muzzle protrude through the port-hole. Alone among the faithless, with only one engineer to join him, was Mr. ERICSSON.

At 10 o'clock the Passaic was reported ready. She had come from Greenpoint to have her boilers cleansed—divested of the filthy coating which builders deem indispensable—and the job being done, her steam began to rise. A large number of scientific officers—men who could never see anything until everybody could see it—congregated at the iron works. The wharf was crowded. The privilege to witness the great experiment—that which is to revolutionize naval warfare—was granted to a chosen few. Among them were the following:

Admiral GREGORY, general superintendent of iron-clads.

Chief-Engineer STIMERS (the only believer in the great idea).

Chief-Engineers LAWTON and ROBIE.

Captain Drayton, who commands the Passaic, and whose brother, the rebel Gen. Drayton, got some iron messages from him at Port Royal.

The vessel left the wharf at the foot of Thirteenth street, between ten and eleven o'clock in the morning and steamed up the North river

against a strong ebb tide and a heavy northerly wind. Her speed, from the start, averaged over seven knots through the water, and her screw making only fifty-eight turns, which is twenty-two less than she has the power to give. But, the boilers foaming, it was not deemed advisable to drive her to her maximum speed, the trial being more for the gun than the vessel.

Passing down the bay and up the river, the vessel was the observed of all observers.

Arrived at the Palisades, opposite Fort Washington, the vessel was headed in toward the western shore and preparation was made for firing the great gun. The cap missed. This gave confirmation to the incredulous ones. Another cap missed. It was just as they said, they exclaimed; it could not be done. A third cap failing to touch the powder, they became sure that the gun was a failure. But suddenly the firing of the gun checked further remark. The ball struck about 300 yards from the vessel in the water, glanced off, and struck the rocks, causing them to fly like so much chaff, followed by a terrible echo, which, in its force, resembled the explosion of a powder mill. The noise outside of the turret was terrible while inside there was no concussion of any account, and the noise certainly did not exceed that which would have been produced by the firing of an ordinary pistol. Every one was surprised and unwilling at the first trial to say much; all were anxious to see the effect of a full service charge of thirty-five pounds of powder. The gun only recoiled seventeen inches.

The very first fire, then, results in no smoke to speak of, no inconvenient concussion, and the complete success of a grand idea. The first charge consisted of 20 pounds of powder and a hollow shot, (330 pounds,) fired out of the 15-inch gun.

At the second shot the entire charge of 35 pounds of powder was put in. Captain DRAYTON pulled the trigger. Once more the echoes of the Palisades rang out. The recoil and smoke were reported "insignificant," and the shot—a hollow one—buried itself again in the beach. Cheers were loudly given for the Passaic.

The gun was fired twice again, the last time with solid shot, and gave fuller evidence of the success of Captain ERICSSON's idea. The following is a recapitulation of the shots:

	Ball weighed.	Charge of powder.	Recoil.
First shot (hollow).....	330 lbs.	20 lbs.	.... 17 inch.
Second shot (hollow).....	330 "	35 "	3 ft. 10 "
Third shot.....	330 "	35 "	2 " 8 "
Fourth shot (solid).....	.....	39 "	2 " 8 "

The traverse of the gun worked perfectly satisfactorily, and reflects great credit on Mr. ERICSSON's inventive powers; but the ingenious contrivance for deadening the effects of the concussion within the tower, and obviating the necessity of a port hole adequate to the vast size of the gun, was not altogether successful. Mr. ERICSSON, however, feels confident that he has hit here, too, upon a principle which can be developed to all the results at which he has aimed; and, although the consequences of this first trial must entail some delay and revision, he has no doubt of final success.

The speed of the Monitors will be sufficient for the purposes for which they were designed. At no time will the guns of the vessel be liable to any damage from the projectiles of the enemy, for the muzzles will not protrude outside of their shield. The Armstrong guns in England have been condemned for use on shipboard, chiefly because a sufficient number of men could not be placed in the turret to work them. Twenty-five failed to do it satisfactorily, and the Armstrong gun weighs fourteen tons. Yesterday four men worked a 15-inch gun, which weighs twenty tons. Here is, of itself, a revolution in naval labor for which history furnishes no parallel. The Monitor's 11-inch gun, when worked with eight men, was deemed a miracle of metallic locomotion. Yet here is a gun, over 25,000 pounds heavier, worked by half the number of men.

The appliance to carry off the smoke is simple and ingenious. Another feature is the immobility of the Monitors in a heavy tide. Waves break on the iron margin of the craft, and splash in harmless foam about the deck. They have no hull to strike—no high bulwarks; even the turret presents an angle to angry Neptune at every side.

The Passaic returned late in the afternoon to the Delamater Iron Works, where the finishing touches will be put on her, and in a few days she will be turned over to the Navy Department, ready for active service.

The 11-inch gun was not fired on this trip, as it was not deemed necessary to use it while the question of the 15-inch would settle all the points required. The success of the experiment will now lead to the placing of two 15-inch guns in each turret. Thus armed, no iron-clad vessel yet built by any foreign power can withstand such a shock and crash as two such terrible projectiles would be able to make. Two guns of this large calibre can be as readily fired in the turret at one time as one; so that in striking, both guns being at the same elevation, the effect would be fearfully destructive.

We refrain from giving the details—for the benefit of our foreign friends or the rebels—of the invention by which the great results above explained are accomplished. The credit of it belongs exclusively to Captain ERICSSON, and the benefit of them to the United States.—*The World*.

CAPT. ERICSSON ON THE PASSAIC'S TURRET.

The statements of the newspapers that the muzzle-box of the Passaic's turret "was shattered to pieces" during her recent trial trip, is replied to by Capt. ERICSSON as follows:

"With a view of determining certain theoretical points I requested Chief Engineer STIMERS to remove the muzzle-ring, a contrivance which modifies the pressure in a peculiar manner, but not until the trial had determined whether the concussion and smoke had been obviated. The success of the means adopted proved so complete that Mr. STIMERS, after the third round, deemed the point fully settled, and accordingly, with Admiral GREGORY's and Capt. DAYTON's acquiescence, removed the muzzle-ring. The effect was precisely as I had previously demonstrated: considerable increase of pressure within the muzzle-box, the effect being that some light bolts, which temporarily secured the front plate, were

broken and the plate bent forward a few inches. This, you will admit, is a very different affair from the box being shattered to pieces.

"Engineers will understand how trifling must be the internal pressure of the muzzle-box when informed that its front consists of a plate one-half inch thick, four feet wide and six feet long, without a single brace or support.

"The yielding of some light bolts before the muzzle-ring was removed, afforded practical data for estimating exactly the small amount of internal pressure.

"I refrain, for obvious reasons, from entering further into detail. I have much satisfaction in assuring you that our success is complete; not a single difficulty remains to be overcome. We handle the four hundred and twenty-pound guns with as little discomfort, and with more facility, than HULL and PERRY handled their forty-pounders.

"Yours most respectfully,

J. ERICSSON."

THE ATLANTIC TELEGRAPH.

Messrs. GLASS, ELLIOTT & Co., the Submarine Telegraph contractors, have written a letter to Mr. CYRUS W. FIELD, of which the following is an extract:

"In reply to your inquiries, we beg to state that we are perfectly confident that a good and durable submarine cable can be laid direct from Ireland to New Foundland, and are willing to undertake the contract upon the following conditions:

"First.—That we shall be paid each week our actual disbursements for labor and material.

"Second.—That when the cable is laid and in working order, we shall receive for our time, service, and profit 20 per cent on the actual cost of the line in shares of the Company, deliverable to us in twelve equal monthly instalments at the end of each successive month whereat the cable shall be found in working order.

"We are so confident that this enterprise can be successfully carried out, that we will make a cash subscription for a sum of £25,000 sterling, in the ordinary capital of the Company, and pay the call on the same when made by the Company."

Mr. VARLEY, the telegraphic engineer and electrician, writes as follows to Mr. CYRUS W. FIELD:—"It gives me much pleasure to be able to inform you that the recent experiments which I have made upon our submarine cables have led to improvements by which I have no doubt that we shall be able to telegraph through an Atlantic cable direct from Ireland to Newfoundland at the rate of certainly 12 or more, probably 16, words per minute, the copper conductor not being less than 5 cwt. to the nautical mile."

COMMERCIAL REGULATIONS.

1. IMPORTANT DECISION RELATIVE TO STAMPS. 2. REVENUE STAMPS—WHEN MUST BE USED. 3. DECISION IN REFERENCE TO LIFE INSURANCE POLICIES. 4. TAX ON MANUFACTURES OF CLOTHING. 5. DIRECTIONS AS TO REMOVAL AND EXPORT OF PETROLEUM. 6. BILLS OF LADING. 7. TAX ON SAND PAPER. 8. TAX ON LEATHER. 9. TAX ON DIARIES. 10. TALLOW NOT SUBJECT TO TAXATION. 11. WHEN ARE MANUFACTURES REMOVED WITHIN THE MEANING OF THE LAW. 12. INTERNAL AND COASTWISE COMMERCIAL INTERCOURSE.

IMPORTANT DECISION RELATIVE TO STAMPS.

THE PERSON WHO MAKES, SIGNS OR ISSUES AN INSTRUMENT IS THE ONLY PERSON WHO IS AUTHORIZED TO AFFIX A STAMP.

In the last number of the *Merchants' Magazine* (page 484,) we gave a decision of the Commissioner of Internal Revenue, to the effect that it will not do for the person receiving a check, &c., to affix and cancel a stamp. Below will be found another decision on the same point, only going further and explaining the question more fully.

*Treasury Department, Office of Internal Revenue, }
Washington, Nov. 13, 1862. }*

SIR: In answer to yours of the 30th October I reply, that—

Section 94 of the Excise law requires "That on and after the first day of October, certain stamp duties shall be collected on all instruments, matters and things, as described in schedule marked B."

Section 95 provides, "That if any person or persons shall *make, sign or issue*, or cause to be made, signed or issued, any instrument, document or paper, of any kind or description whatsoever, without the same being duly stamped for denoting the duty imposed thereon, or without having thereupon an adhesive stamp to denote said duty, such person or persons shall incur a penalty of \$50, and such instrument, document or paper, shall be deemed invalid and of no effect."

It seems to me perfectly clear that, by the provisions of section 95, the person who *makes, signs and issues* the instrument, is the only person who is authorized to affix the stamp required by the law; and the person who *makes, signs and issues*, &c., without affixing the stamp, incurs the penalty as aforesaid, and is liable to prosecution therefor, and the instrument or document is invalid in consequence of such neglect.

Section 99 provides, "That the person *using or affixing* the stamp, shall write thereupon the initials of his name, date, &c.;" other portions of the law impose penalties upon persons who receive documents or articles subject to stamp duty, from the person who makes, signs and issues them without being duly stamped, &c.

I am, therefore, of the opinion, that a faithful compliance with the requirements of the provisions of the excise laws, demands—

1st. That all papers subject to stamp tax, shall have the stamp affixed before the same are issued.

2d. That the stamp so affixed must be cancelled in the manner prescribed by the party making, signing or issuing (in other words, executing) the instrument, document or paper.

Hence the receiving of an unstamped paper is a violation of the law. The attaching and cancelling of a stamp on a document so received is

also unlawful, and the cancellation of a stamp on a paper (otherwise lawfully issued) by other than the party executing the paper to which the stamp is affixed, is equally improper.

The only exception that exists in the law to the above ruling, is in the case of a Bill of Exchange or Order for the payment of any sum of money, drawn or purporting to be drawn, in any foreign country, but payable in the United States, in which case the acceptor or acceptors shall, before paying or accepting the same, place thereon a stamp, indicating the duty upon the same, as provided by Section 101 of the Excise Law.

Very respectfully yours,

GEO. S. BOUTWELL, *Commissioner*.

To GEO. W. KERR, Esq., *Pres. Bank of Newburg, Newburg, New York*.

It should be stated in this connection that the Commissioner of Internal Revenue has decided that parties using revenue stamps may cancel the same by *stamping* upon them their initials, with the date, instead of writing upon them as heretofore.

REVENUE STAMPS—WHEN MUST BE USED.

Treasury Department, Office of Internal Revenue, }
Washington, Nov. 7, 1862. }

SIR: I have the honor to state that the Government now have increased facilities for supplying internal revenue stamps, and all orders now in this office, of the kinds already engraved, will be filled before the 15th instant.

Within a very short time plates for every denomination of the different kind of stamps will be finished, and all orders will be promptly supplied. When this can be done, an order will emanate from this Department, giving notice that after a certain day stamps must be used, or the penalty will be enforced. In the meantime the penalties for their non-use are operative, and will be enforced in all cases where stamps can be promptly furnished by the Government upon application.

Very respectfully yours,

C. F. ESTEE, *Acting Commissioner*.

To J. D. VERMILYE, Esq., *Chairman of Committee of the New York Clearing-House Association, New York*.

Treasury Department, Office of Internal Revenue, }
Washington, D. C., Nov. 17. }

The Commissioner of Internal Revenue is prepared to supply the following stamps in quantities sufficient for the use of the people of the District of Columbia and of the States east of the Rocky Mountains, viz: "Playing cards," "proprietary express," "telegraph," "insurance," "fire and marine," "passage tickets," and "protest." The use of the stamps herein specified is hereby required in the District and States above described, on and after the first day of December next, and persons guilty of willfully neglecting to use said stamps will be subject to the penalty provided in the law.

(Signed,)

GEORGE S. BOUTWELL, *Commissioner*.

DECISION IN REFERENCE TO LIFE INSURANCE POLICIES, ETC.

The Commissioner of internal revenue has made the following decisions :

All life insurance policies are subject to stamp duty. Where the policy is conditional, that assured is to pay a certain sum annually or at other stated periods. Receipts for such payment are not subject to stamp duty. If the policy has expired by limitation, or by non-fulfilment of the conditions of the assured, the renewal or revival of the policy, in whatever form made, will be subject to stamp tax. Permits or agreements by which the terms of a policy are waived or changed in any respect, are subject to stamp as agreements.

INTERNAL MANUFACTURES, &C.

The following important decisions were made on the 15th of November, by acting commissioner C. F. ESTEE, Esq.

Manufacturers owning more than one mill, must take out a license for each of the mills when they are on separate and distinct premises, and they must take out a separate dealer's license for each shop, office, or store where they sell anything to anybody, or where they offer anything for sale, except in cases where they sell the entire manufactures upon the premises of the manufactory.

The three per cent. tax on manufactures must be paid in the district where the factory is situated. The fact that the company owning a factory in one district may own other factories in other districts, does not affect the question.

The tax must be paid when the goods are sold or removed to other than an agent. A commission house cannot be regarded as an agent.

The goods must pay tax upon their value in the market at the time they are sold or removed to other than an agent. Expenses of freight, commission, and sales should be deducted from the gross amount, and the tax should be laid on the net amount of sales when removed and sold from a place other than that where made.

The goods which were in process of manufacture on the 1st of September are liable for a tax on their whole value.

Gray goods purchased by the printer and on hand September, and previously, and converted into calico after that date, are liable for their whole value under a proviso of the 75th section of the tax law; goods converted into calico on which a tax has been paid, for being so converted shall pay a tax only on the increased value. But goods on hand on or prior to September 1st having paid no tax, cannot be exempted under this proviso, after being converted into calico.

Calico printers are liable to be taxed for articles of their manufacture when sold or removed; but I am aware of no provision of the law that renders them liable for articles consumed by them in process of manufacture, except those articles made by themselves.

Cigar manufacturers, and manufacturers of any kind of tobacco, must pay tax on any amount they may manufacture. They are excepted, together with producers of liquors, from the \$600 limit in the seventy-fifth section of the excise law, which prescribes that all manufacturers who may manufacture a less amount than \$600 worth of goods per annum, shall not be made to pay three per cent. upon the amount they manufacture.

DECISION IN REFERENCE TO MARKET MEN AND OTHER DEALERS.

Generally the business of one who keeps a stall in the market is that of a retail dealer. There are exceptions however. The assistant assessor and assessor must judge in each case. If the dealer sells chiefly or entirely to consumers, though he may often sell in the original packages, he should be classed as a retail dealer. If, on the other hand, his sales are generally in the original packages, or if it is his occupation to sell to those who buy to sell again, or if this part of his business is considerable, so much that he depends upon and procures stock with reference to it, he shall be classed as a wholesale dealer, even though he sells at retail.

The law contemplates sales at retail by wholesale dealers.

A dealer who sells soap, candles, starch, tea, or other articles, by the original package, or salt by the wagon load, &c., &c., to consumers, is not a wholesale dealer under the law, but if he sells to those who sell again, he will be required to have a wholesale dealer's license. A furniture dealer who sells a bureau, sofa, or table to customers for their own use, whether in the package in which he received it or not, is not a wholesale dealer.

DECISION IN REGARD TO IRON CASTINGS.

First—All castings which are so well known, and so generally used, as to have a commercial value, must be taxed as manufacturers when sold or removed.

Second—Other castings made upon special order of a machinist, but which are not known to the trade as manufactures in themselves, are exempt, not being manufacturers in contemplation of the law.

Where a person makes castings only, he must pay the tax thereon. If, however, he manufactures castings, and uses them himself in the manufacture of other articles, the tax can be assessed only on the last. The right to levy the tax depends upon the fact of sale, or removal for sale or consumption.

TAX ON MANUFACTURES OF CLOTHING.

*Treasury Department, Office of Internal Revenue, }
Washington City, D. C., November 8, 1862. }*

SIR: Yours of the 5th, inclosing a series of questions from manufacturers of clothing, together with opinions of attorneys, is received. In answer to the queries I have the honor to say—

1st. Persons who buy clothes and manufacture the same into garments are considered manufacturers within the meaning of the law.

2d. They will be required to pay duty upon the full value of the garments so manufactured. The fact that the manufacturer of the cloth has previously paid the required duty upon the cloth, does not authorize them to claim assessment upon the "increased value" only.

The clause of section 75 requiring certain articles to be assessed upon the increased value was not intended to embrace any manufacturers not enumerated therein.

In addition to this, the general principle running through the Excise Law is that each particular manufacture shall be taxed for its value,

even though the articles entering into such manufactures have been previously assessed and the duty paid. This is true of shoes made from taxed leather and of engines manufactured from iron, on which a duty has been previously paid. It is equally true of garments made from taxed cloth.

3d. The 3 per cent tax must be paid upon the selling price of the garments, and *not* upon the cost price.

4th. All clothing manufactured prior to, and not removed from the place of manufacturing before September 1st, is subject to tax.

5th. Persons who manufacture clothing under contract with the Government, must pay the duty the same as if selling to an individual.

6th. And upon the clothing manufactured for the Government they will be required to pay the tax upon the contract price and not upon the cost price or increased value of the cloth.

The clause of section 75, "providing that upon all cloths dyed, printed, bleached, manufactured into other fabrics or otherwise prepared, on which a duty or tax has been previously paid, the duty shall be assessed only upon the increased value thereof," evidently *does not* contemplate clothing manufactured from such cloth—it only comprehends the cloth itself remaining intact, and not cut to be made up into garments of any description.

7th. The persons referred to in the seventh question are manufacturers, if they furnish cloth to be made into garments and returned to them when finished.

Very respectfully,

C. F. ESTEE, *Acting Commissioner.*

To CHAS. R. FOSDICK, *M. S. Assessor, 1st District, Cincinnati, Ohio.*

DIRECTIONS AS TO REMOVAL AND EXPORT OF PETROLEUM.

Commissioner BOUTWELL has made the following decisions respecting the removal and export of Petroleum.

The following decisions have been made by the Commissioner of Internal Revenue:—Refined coal oil may be removed for the purpose of being exported, after the quantity of oil so removed shall have been ascertained by inspection according to the provisions of the Excise law, upon, and with the written permission of the Collector (see blank No. 31) of the District, without payment of the tax thereon previous to such removal, the owner thereof having just given bonds (from No. 32) to the United States with sufficient surities in at least double the amount of said duty to export of said oil or pay the duties thereon within a period not exceeding ninety days from the date of said bond. This bond must be given by the owner of the oil whether distilled or otherwise, and must be executed to the satisfaction of the Collector before the oil is removed from the premises when distilled or manufactured. When a bond for export has been given and a permit granted, the oil may be exported from the specified port without the intervention of the Collector under the excise laws of each port.

1. Collectors may grant permits to producers of coal oil not refined, and known as distillate, to remove such distillate from the place of production for the purpose of refining the same elsewhere, upon condition that the producer or owner first give bonds to the satisfaction of the Collector of the

district where the same is produced, that the distillate shall be refined and the tax or duty thereon paid to the Collector of the district where the same shall be refined, provided however, that the oil, when refined may be bonded for exportation under the regulations relating to the exportation of coal oil.

2. It shall be the duty of Collectors and Deputy Collectors, before granting a permit for the removal of distillate, to cause the casks containing the same to be marked in such manner that they may be identified, and the permit shall contain an accurate description of such marks, and a copy of the permit shall be transmitted to the Collector of the district to which the distillate is to be removed.

BILLS OF LADING.

New York, October 3d, 1862.

Hon. GEO. S. BOUTWELL, Com. of Internal Revenue :

DEAR SIR: By the Revenue Act of July 1st, 1862, a stamp duty of ten cents is imposed "on *Bills of Lading* from home ports to foreign ports." Such Bills are generally executed in duplicate or triplicate.

Is it the meaning and intent of the Act, that the stamp duty shall be paid upon *each Bill* in the set?

The interest of my clients, at whose instance I write, is very large in this matter, as is that of the entire body of shipping merchants of New York.

Your answer and decision will much oblige, respectfully, your obedient servant,

ALGERNON S. SULLIVAN, 29 Wall street.

*Treasury Department, Office of Internal Revenue, }
Washington, October 9th, 1862. }*

SIR: Your letter of the 3d instant, relating to the stamp duty on "Bills of Lading," has been received.

In reply I would say that the meaning and intent of the stamp act is, that the stamp duty shall be paid upon *each bill* in the set. The validity of the bill depends upon the fact that it is stamped. If only one bill of lading is stamped, and that be lost, I do not see that the duplicate and triplicate bill would be of any value.

Very respectfully, GEO. S. BOUTWELL, *Commissioner.*

ALGERNON S. SULLIVAN, 29 Wall street, New York.

TAX ON SAND PAPER.

The Commissioner of Internal Revenue has announced two more decisions on the tax law, in reply to the following inquiries:

*Assessor's Office, First Collection District, New York, }
Roslyn, Queens Co., Oct. 13, 1862. }*

Hon. GEO. S. BOUTWELL, Commissioner of Internal Revenue:

SIR: I desire your opinion on the two following points:

1st. A firm in my district manufactures sand paper. It is made of

three materials only, viz: paper, glue, and sand (the latter manufactured or prepared especially for that purpose), all of which three articles have already paid their *ad valorem* duty before they came to the hands of the sand paper manufacturer. Does the latter also pay the *ad valorem* duty on the sand paper when manufactured? It does not come under the description of those goods which, by the act, are to be taxed in certain cases only on their increased value, and I have, therefore, held that it (the sand paper) is to be taxed on its entire value.

2d. You have held that the building of ships, boats, and houses is not considered a manufacture within the meaning of the law. Where the contractor furnishes (actually sells) the materials from which the ship, boat or house is built, to the amount of \$1,000 per annum, is he not to be treated as a dealer? I refer particularly to that class of builders or contractors who do not keep any store, yard, or place from which they sell articles used in their trade, such articles as lumber, lime, lath, tin, stones, slate, etc., etc., as are required to complete their contracts.

Very respectfully, yours,

H. W. EASTMAN, *Assessor*.

Treasury Department, Office of Internal Revenue, }
October 16, 1862. }

SIR: Your letter of the 13th instant, in regard to the tax upon sand paper, and the license of a contractor for the building of a house, who furnishes the materials himself, has been received.

You are correct in assessing sand paper on its entire value.

The furnishing of the materials for a house by the person who has the contract for the building of the same, does not constitute him a dealer.

Very respectfully, your obedient servant,

GEO. S. BOUTWELL, *Commissioner*.

To H. W. EASTMAN, Esq., *Assessor*.

TAX ON LEATHER.

Philadelphia, October, 23, 1862.

GEO. S. BOUTWELL, Esq., *Washington*:

DEAR SIR: Will you please take under consideration the following paragraph from Sec. 75 of the Internal Revenue Law, viz.: "provided further, that in all oil dressed leather, etc., etc., on which a duty or tax shall have been paid before the same were so manufactured, the said duty or tax of three per cent shall be assessed only upon the increased valuation."

This, taken in connection with a previous part of the same section, which says, "on all finished or curried leather made from leather tanned in the interest of the parties finishing or currying such leather, not previously taxed in the rough, etc., etc., one cent per pound," leads to the belief that it is the intention of the law that the manufactured article shall not be taxed more than once unless it be enhanced in value by a further operation, and that such "increased valuation" only shall be subject to further tax; and to show the equity of such an interpretation, we would state that a large number of tanners sell their leather in the rough to curriers who finish it, being of itself a separate business, while others tan and finish or curry the leather themselves, and would pay but one

tax, while the former would subject the finished article to two taxes, according to your decision as published in a letter, dated October 21st, addressed to WASHINGTON KEITH, Esq., of this city.

Hoping that this subject will receive your attention and that you will be pleased to reply favorably.

We remain, very truly, etc.

I. PETERSON & Co.

To the above letter the Commissioner returned immediately the following reply :

*Treasury Department, Office of Internal Revenue, }
Washington, October 25, 1862. }*

GENTLEMEN : In answer to your letter of the 23d instant, which has been received, allow me to say :

The Commissioner of Internal Revenue has, since writing the letter to WASHINGTON KEITH, to which you refer, given the question of leather more serious consideration, and has decided that, when rough leather tanned wholly or in part with oak, has once paid the tax of one cent per pound, as provided in section 75, no additional tax will be required on finished and carried upper leather made from the same.

Very respectfully,

C. F. ESTEE, *Acting Commissioner.*

Messrs. I. PETERSON & Co., 809 N. Front St., Phila.

TAX ON DIARIES.

Acting Commissioner of Internal Revenue, C. F. ESTEE, has addressed the following to a gentleman in the city of New York :

SIR : Your letter of November 4th, including a sample of diary manufactured by yourself, has been received. The commissioner has decided that blank books are a manufacture, and, as such, liable to a tax of three per cent *ad valorem*. The seventy-fifth section of the law exempts printed books, magazines, pamphlets, newspapers, reviews, and all other similar printed publications. Clearly diaries, such as you submit, are not embraced within the latter classes. On the contrary, they are in every sense a blank book, as much so as a note, cash, or other mercantile blank book with printed headings.

TALLOW NOT SUBJECT TO TAXATION.

The following important decision under the tax law has been announced :

*Treasury Department, Office of Internal Revenue, }
November 6th, 1862. }*

GENTLEMEN : Your letter of November 4th has been received.

The Commissioner of Internal Revenue has decided that the rendering of tallow is not a manufacture ; and consequently tallow is not subject to any tax under the excise law.

Very respectfully,

C. F. ESTEE, *Acting Commissioner.*

J. C. HULL'S SON, *New York.*

WHEN ARE MANUFACTURES REMOVED WITHIN THE MEANING OF THE LAW ?*Cincinnati, October 29.*

SIR: On behalf of large manufacturing interests in this city, and in view of a difference of opinion among revenue officers, we beg leave to request a brief answer to the following questions:

1. Where a manufacturer has a room in the same city with his factory but at a considerable distance from it, (perhaps in another collection district,) where a portion of his manufactured stock is kept and exposed for sale, would such room be considered as a "place connected with the manufactory," and the manufactured articles stored therein on the 1st September as "not removed from the place of manufacture prior to that date," and so pay duty as if still in the factory?

2. If such a room be considered as "a place connected with the manufactory," and the goods liable to duty as "not removed from the place of manufacture," is a license required for the sale of such articles at that room, as at a place other than "the manufactory or place where the same are produced?"

Very respectfully, your obedient servants,

PROCTOR & GAMBLE.

Hon. GEO. S. BOUTWELL, *Com. of Int. Revenue, Washington.*

*Treasury Department, Office of Internal Revenue, }
November 1, 1862. }*

GENTLEMEN: Yours of the 29th ultimo is received; I have the honor to answer your questions as follows:

1. Manufactures stored in a room not connected with the factory, or in a different collection district, are removed within the meaning of the law.

2. I have the honor to inclose the opinion of the solicitor of the Treasury as an authentic elucidation of the law concerning "removals," and as fully and clearly answering both paragraphs of your letter.

Very respectfully,

C. F. ESTEE, *Acting Commissioner.*

Messrs. PROCTOR & GAMBLE, Cincinnati.

INTERNAL AND COASTWISE COMMERCIAL INTERCOURSE.

The following regulations concerning Internal and Coastwise Commercial Intercourse, we were unable to find room to publish until the present time:

Treasury Department, August 28, 1862.

In pursuance of law, and by virtue of the authority conferred upon the Secretary of the Treasury by the act of Congress approved July 13, 1861, entitled "An act further to provide for the collection of duties on imports, and for other purposes," and an act supplementary thereto, approved May 20, 1862, and for the purpose of preventing the conveyance of arms, munitions of war, and other supplies, to persons in insurrection against the United States, the following regulations concerning commercial intercourse with insurrectionary States and sections, are prescribed.

S. P. CHASE, *Secretary of the Treasury.*

I. No goods, wares or merchandise, whatever may be the ostensible destination thereof, shall be transported to any place now under control of insurgents; nor to any place on the south side of the Potomac river; nor

to any place on the north side of the Potomac and south of the Washington and Annapolis Railroad; nor to any place on the eastern shore of the Chesapeake; nor to any place on the south side of the Ohio river below Wheeling, except Louisville; nor to any place on the west side of the Mississippi river below the mouth of the Des Moines, except St. Louis; without a permit of a duly authorised officer of the Treasury Department; and the special agents of this Department may temporarily extend these restrictions to such other places in their respective districts, and make such local rules to be observed therein as may from time to time become necessary, promptly reporting their action to the Secretary of the Treasury for his sanction or disapproval.

II. All transportation of coin or bullion to any state or section heretofore declared to be in insurrection, is absolutely prohibited except for military purposes and under military orders, or under the special license of the Secretary of the Treasury. And no payment of gold or silver shall be made for cotton or other merchandise within any such State or section, and all cotton or other merchandise purchased or paid for therein, directly or indirectly, in gold or silver, shall be forfeited to the United States.

III. No clearance or permit whatsoever will be granted for any shipment to any port, place or section affected by the existing blockade, except for military purposes, and upon the certificate and request of the Department of War or the Department of the Navy.

IV. All applications for permits to transport or trade under these regulations shall state the character and value of the merchandise to be transported, the consignee and destination thereof, with the route of transportation, and the number and description of packages, with the marks thereon.

V. Every applicant for such permits shall present with his application the original invoices of the goods, wares, and merchandise to be transported, and shall make and file with the officer granting the permit an affidavit that the quantities, descriptions, and values are correctly stated in said invoices, true copies of which shall be annexed to and filed with the affidavit, and that the packages contain nothing except as stated in the invoices: that the merchandise so permitted shall not, nor shall any part thereof, be disposed of by him, or by his authority, connivance or assent, in violation of the terms of the permit, and that neither the permit so granted nor the merchandise to be transported shall be so used or disposed of by him, or by his authority, connivance, or assent, as in any way to give aid, comfort, information, or encouragement to persons in insurrection against the United States. And furthermore, that the applicant is loyal to the Government of the United States, and will in all things so deport himself.

VI. No permit shall be granted to ship goods, wares, or merchandise to States, or parts of States, heretofore declared to be in insurrection, or to places under insurrectionary control, or occupied by the military forces of the United States, except to persons residing or doing business therein, whose loyalty and good faith shall be certified by an officer of the Government or other person duly authorised to make such certificate, or by a duly appointed Board of Trade therein, by whose approval and permission only the same shall be unladed or disposed of. And no permit shall be granted to ship merchandise from any such State, or part of State, in violation of any order restricting shipments therefrom, made for military purposes by the commandant of the Department from which said shipment is to be made.

VII. Collectors or Surveyors of Customs, before granting clearances or

permits, may require a bond, with reasonable surety, in such cases as they shall think necessary to protect the public interests, conditional, that there shall be no violation of the terms or spirit of the clearance or permit, or of the averments of the affidavit upon which the same is granted.

VIII. No permit shall be granted to ship intoxicating drinks or other things prohibited by the military authorities into territory occupied by the military forces of the United States, except upon the written request of the commandant of the department in which such territory is embraced, or some person duly authorised by him to make such request.

IX. In order to defray the expenses under these regulations, a fee of twenty cents will be charged for each permit granted; and shipments permitted to and from States heretofore declared to be in insurrection, shall, in addition thereto, be charged with the following fees, viz.: Five cents on each one hundred dollars over three hundred dollars on all shipments to such States or sections; fifty cents on each one thousand pounds of cotton, and twenty-five cents on each one thousand pounds of sugar permitted from such State.

X. No vessel, boat or vehicle used for transportation upon or south of the Potomac river, or north of the Potomac and south of the Washington and Annapolis Railroad, or to the eastern shore of the Chesapeake, or southwardly on or from the Ohio river below Wheeling, or westwardly or southwardly on or from the Mississippi river, below the mouth of the Des Moines, shall receive on board any goods, wares or merchandise destined to any place commercial intercourse with which now is or hereafter may be restricted as aforesaid, unless the same be accompanied by a permit of a duly authorised officer of the Treasury Department, except as in hereafter provided in regulation Number XIV.

XI. No vessel, boat, or other vehicle used for transportation from Eastern cities or elsewhere in the loyal States, shall carry goods, wares or merchandise into any place, section, or State restricted as aforesaid, without the permit of the duly authorised officer of the customs, application for which may be made to such authorised officer near the point of destination as may suit the convenience of the shipper.

XII. No vessel, boat or other vehicle used for transportation shall put off any goods, wares, or merchandise at any place other than that named in the permit as the place of destination.

XIII. Before any boat or vessel running on any of the Western waters south of Louisville or St. Louis, or other waters within or adjacent to any State or section, commercial intercourse with which now is or may hereafter be restricted as aforesaid, shall depart from any port where there is a Collector or Surveyor of Customs, there shall be exhibited to the Collector or Surveyor, or such other officer as may be authorised to act in his stead, a true manifest of its entire cargo and a clearance obtained to proceed on its voyage; and when freights are receivable on board at a place where there is no Collector or Surveyor, as hereinafter provided in Regulation XIV., then the same exhibit shall be made and clearance obtained at the first port to be passed where there is such an officer, and such vessel or boat shall be reported and the manifest of its cargo exhibited to the Collector or Surveyor of every port to be passed on the trip where there is such an officer; but no new clearance shall be necessary unless additional freights shall have been taken on board after the last clearance. Immediately on arriving at the port of final destination, and before discharging any part of its cargo, the manifest shall be exhibited to the Surveyor of such port, or other officer authorized to act

in his stead, whose approval for landing the cargo shall be indorsed on the manifest before any part thereof shall be discharged; and the clearance and shipping permits of all such vessels and boats shall be exhibited to the officer in command of any naval vessel or military post whenever such officer may require it.

XIV. To facilitate trade and guard against improper transportation, "aids to the revenue" will be appointed from time to time on cars, vessels, and boats, when desired by owners, agents, or masters thereof, which aids will have free carriage on the respective cars, vessels and boats on which they are placed, and will allow proper weigh freights to be taken on board without permit, keeping a statement thereof, and reporting the same to the Collector or Surveyor of the first port to be passed on the trip where there is such an officer, from whom a permit therefor must be obtained, or the goods returned under his direction. No permit will be granted for transportation into any insurrectionary State or district, except in cars, vessels and boats carrying such aids.

XV. All vessels, boats and other vehicles used for transportation, violating any of the above regulations, and all goods, wares and merchandise shipped and transported in violation thereof, will be forfeited to the United States. If any false statement be made, or deception practised in obtaining a permit, such permit, and all others connected therewith or affected thereby, will be absolutely void, and all merchandise shipped thereupon shall be forfeited to the United States. In all cases of forfeiture as aforesaid, immediate seizure will be made and proceedings instituted, promptly for condemnation. The attention of all officers of the Government, common carriers and shippers, consignees, owners, masters, agents, drivers, and other persons connected with the transportation of merchandise, or trading therein, is particularly directed to the acts of July 13, 1861, and May 20, 1862, above referred to.

XVI. All army supplies transported under military orders are excepted from the above regulations. But this exception does not extend to sutlers' goods or others designated for sale at military posts or camps.

XVII. When any officer of the Customs shall find in his district any goods, wares, or merchandise which, in his opinion are in danger of being transported to insurgents, he may, if he thinks it expedient, require the owners or holders thereof to give reasonable security that they shall not be transported to any place under insurrectionary control, and shall not in any way be used to give aid or encouragement to the insurgents. If the required security be not given, such officer shall promptly state the facts to the United States Marshal for the district within which such goods are situated, or, if beyond the jurisdiction of a United States Marshal, then to the commandant of the nearest military post, whose duty it shall be to take possession thereof, and hold them for safe keeping, reporting the facts promptly to the Secretary of the Treasury, and awaiting instructions,

XVIII. Where ports heretofore blockaded are opened by the proclamation of the President, licenses will be granted by United States Consuls, on application by the proper parties, to vessels clearing from foreign ports to the ports so opened, upon satisfactory evidence that the vessels so licensed will convey no person, property or information contraband of war, either to or from said ports, which license must be shown to the Collector of the port to which the vessel is bound, and, if required, to any officer in charge of the blockade. And on leaving any port so opened, the vessel must have a clearance from the Collector, according to law, showing no

violation of the condition of the license. Any violation of the conditions will involve the forfeiture and condemnation of the vessel and cargo, and the exclusion of all parties concerned from entering the United States for any purpose during the war.

War Department, August 28, 1862.

The attention of officers and others connected with the army of the United States is called to the regulations of the Secretary of the Treasury concerning commercial intercourse with insurrectionary States or sections, dated August 28, 1862.

I. Commandants of departments, districts and posts will render all such military aid as may become necessary in carrying out the provisions of said regulations, and enforcing observance thereof to the extent directed by the Secretary of the Treasury, so far as can possibly be done without danger to the operations or safety of their respective commands.

II. There will be no interference with trade or shipments of cotton or other merchandise conducted in pursuance of said regulations within any territory occupied and controlled by the forces of the United States, unless absolutely necessary to the successful execution of military plans or movements therein. But in cases of the violation of the conditions of any clearance or permit granted under said regulations, and in cases of unlawful traffic the guilty party or parties will be arrested, and the facts promptly reported to the commandant of the Department for orders.

III. No officer of the army or other person connected therewith, will seize cotton or other property of individuals, unless exposed to destruction by the enemy, or needed for military purposes, or confiscation under the act of Congress, and in all such cases of seizure the same shall be promptly reported to the Commandant of the Department wherein they are made, for his orders therein.

EDWIN M. STANTON, *Secretary of War.*

Navy Department, Aug. 28.

The attention of naval officers is called to the regulations of the Secretary of the Treasury concerning commercial intercourse with insurrectionary States or sections, dated Aug. 28, 1862.

I. Commanders of naval vessels will render such aid as may be necessary in carrying out the provisions of said regulations, and enforcing observance thereof to the extent directed by the Secretary of the Treasury, so far as can possibly be done without danger to the operations or safety of their respective commands.

II. There will be no interference with trade in or shipments of cotton or other merchandise, conducted in pursuance of said regulations, within any of the waters controlled by the naval forces of the United States, unless absolutely necessary to the successful execution of military or naval plans or movements. But in case of the violation of the conditions of any clearance or permit granted under said regulations, and in cases of unlawful traffic, the guilty party or parties will be arrested and the facts promptly reported.

III. No officer of the navy will seize cotton or other property of individuals within the territory opened to traffic and subject to the regulations of the Secretary of the Treasury, unless the same is exposed to destruction by the enemy, or needed for naval purposes and in all such cases the fact, with all attendant circumstances, shall be promptly reported to the department.

GIDEON WELLES, *Secretary.*

MERCANTILE MISCELLANIES.

1. GOVERNMENT POSTAGE STAMPED ENVELOPES. 2. COUNTERFEITING ON A LARGE SCALE.

GOVERNMENT POSTAGE STAMPED ENVELOPES.

THROUGH the Post Office Department we learn that postage stamped envelopes were first introduced in this country in the year 1853, and although offered at a price far below that of the ordinary envelopes of the trade, they do not as yet seem justly appreciated by the public.

There has been but slight variation in the number of stamped envelopes issued annually. In 1854 it amounted to \$26,138,600; in 1856 to \$43,755,150; in 1858 to \$30,734,275; in 1861 to \$26,027,300—the latter being less than fifteen per cent of the issue of separate postage stamps, which increased from 55,000,000 in 1854 to 211,000,000 in 1861.

The greater cheapness of government envelopes as compared with those of the trade is generally overlooked, because the purchaser of the former is requested to pay the additional charge of postage.

One hundred stamped envelopes are sold for *three dollars and eighteen cents*, while the same number of *plain* ones, of similar quality, may be procured for about *forty cents*, but to this sum must be added three dollars, the value of the postage stamps, which must be affixed to such envelopes before they can be used in the mails; thus making one hundred letters cost \$3.40, or *twenty-two cents* more than if covered by government envelopes.

Hence it appears that persons who make use of unstamped envelopes pay for them about one hundred per cent more than if they employed stamped envelopes.

The number of separate postage stamps issued during the year ending June 30, 1861, was, as above stated, upwards of *two hundred millions*.

Assuming that a like number of unstamped envelopes were used for letters at *thirty-six cents* per hundred, which is a very low estimate, the cost thereof would have been \$72,000, whereas government envelopes would have cost the consumer only \$36,000.

Hence a sum equal to the difference of these amounts, namely, \$36,000, may be considered as actually lost to the public, which is owing in a great degree to the want of proper application of the advantage of the stamped envelope.

Objection is not unfrequently made to the government envelope on account of either its form, size, or quality, or because of the danger of losing both the envelope and postage stamp thereon, should it be misdirected or otherwise accidentally defaced. Such objection the Postmaster General has determined, if possible, to remove, and to this end he proposes to arrange for embossing, under proper restrictions, the postage stamp on any envelopes that may be offered for that purpose by stationers, bankers, merchants, or other business men. Such parties will thus be enabled to procure stamped envelopes of form and quality adapted to their own tastes, which are now so varied that they cannot be anticipated by the post office department.

It is also believed that stationers will be induced to provide themselves with varieties of stamped envelopes suited to the wants of their customers, making such envelopes, equally with the ordinary unstamped article, a regular portion of stock in trade.

It is deemed expedient, however, as a precaution against fraud, that no one be permitted to enter into such trade without having first obtained from the Postmaster General a regular license for that purpose, and that all private parties desiring to have their own envelopes stamped must be satisfactorily shown to be of good standing, and be required to have their names printed on the envelopes. They will then, on payment of the postage, obtain a permit to have the work done by the government contractor for stamped envelopes, at New York.

The Postmaster General considers the use of the stamped envelope more advantageous to the department than that of separate stamps, as the address of the former prevents them from being used a *second* time, while the *latter* may be so used if postmasters neglect the duty of canceling them. To the public also they afford advantages in addition to those arising from cheapness, because they are more convenient, saving the trouble and delay of attaching separate stamps, which are liable to be removed, causing letters to be detained for postage.

The objection to stamped envelopes that the postage is lost in case of misdirection, may be removed by allowing postmasters, under certain rules prescribed by the Postmaster General, to redeem damaged envelopes.

COUNTERFEITING ON A LARGE SCALE.

The greatest haul of counterfeiting apparatus recorded for years, was made within the past month. The Deputy U. S. Marshal of Philadelphia, with the Chief of the Detective Police of Philadelphia, succeeded in arresting a man named GEORGE WHITE, fifty years of age, whose place of residence is 233 Atlantic avenue, Brooklyn, and whose place of business is 88 Cedar street, New York, under the assumed name of T. H. BENTLEY & Co. WHITE was formerly employed by the American Bank Note Company. All the paraphernalia of the counterfeiting business was secured. The finished "plates" and "vignettes," as also those undergoing the process of completion, betray a master-workman.

The following finished plates of the following banks are secured:—

Commercial Bank, Glens Falls, N. Y. "Five's."
Bank of Orange County, N. Y. "Five's."
Pocassett Bank, Fall River, R. I. "Two's."
Liberty Bank, Providence, R. I. "Two's."
Waterbury Bank, Conn. "Five's" and "Ten's."
Farmers' Bank, Reading, Pa. "One's."
Cuyler's Bank, Palmyra, N. Y. "Five's."
Manufacturer's Bank, Troy, N. Y. "Five's."

Both of WHITE's establishments were broken up. The prisoner was handed over to Deputy Superintendent FOLK, of Brooklyn.

UNITED STATES GOVERNMENT MAKING MONEY IN A NEW WAY.

We have heard of minors making contracts and subsequently pleading the baby act, we have also known men to set up the statute of limitations to an honest debt, and sometimes have seen the defence of usury put in and the defendant allowed to creep through that small hole and avoid paying what he owes, but we never imagined that a free, enlightened, liberal government could be caught trying to evade its debts by any such small tricks. The following decision, however, looks as if our statesmen were engaged in the same style of business and had assumed the character of very sharp, illiberal, *unprofessional* lawyers, determined to take advantage of every legal quibble—getting all they can and keeping all they get. We are pleased to see that our courts do not consider such transactions honest yet. The decision we refer to was the one in the United States Court of *WILSON G. HUNT & Co. vs. AUGUSTUS SCHELL*.

The plaintiffs imported merchandise into this port on which they paid, July 7, 1857, the duties exacted by the Collector, amounting to \$352 08. The merchandise was not forthwith withdrawn, and, on the 30th day of the same month, the plaintiffs, by error of one of their clerks, paid the same amount of duty a second time on the same merchandise. The warehouse books exhibited, on the date of the last payment (July 30, 1857), the fact that full duties had already been paid on the goods but by carelessness of officers it was not observed. It was not till August 9th, 1858, that the plaintiffs detected the double payment. They made immediate application to the Collector to refund the amount paid in excess, and were met with the reply that more than a year having elapsed since overpayment was made, it could not be refunded. Thereupon the plaintiffs addressed the following letter to the Secretary of the Treasury, which was read in the case:—

New York, Aug. 14th, 1858.

Hon HOWELL COBB, Secretary of the Treasury, Washington :

SIR: We beg leave to call your attention to the enclosed affidavit, setting forth an error on our part, by paying duty twice on an invoice per the "Jeremiah Thompson," in July, 1857.

We did not discover the error till a few days since, when we made immediate application to the Auditor of our custom-house for redress. He informed us that the fiscal year being closed, it was necessary for us to make our application to the Secretary of the Treasury to have this error corrected.

We solicit from you such instructions as will place this matter right between ourselves and the government.

Your Ob't Serv'ts,

WILSON G. HUNT & Co.

In reply to a second letter of the same tenor, the following was received:

Treasury Department, October 4th, 1858.

SIR: In reply to your letter of 27th ultimo, in relation to return of duty alleged to have been twice paid, you are informed that the regula-

tions, requiring applications of this class to be made within a specific time, not having been complied with, no relief can be granted.

I am, respectfully,

HOWELL COBB, *Secretary of the Treasury.*

WILSON G. HUNT, Esq., *New York.*

Subsequently, under date of July 19, 1861, the plaintiffs made the same application to Secretary CHASE as they had to Secretary COBB, and, after the long delay of nearly two months, received a reply similar to the one made by Secretary COBB. Finding that it was useless to appeal to the Treasury Department, the plaintiffs (more to see if such decision of the Department would be sustained in a court of justice than to recover the amount paid in excess,) brought suit in the Circuit Court against Collector SCHELL, for money illegally exacted under color of his office.

On the trial there was no denial of the facts proved by the plaintiffs. The District Attorney, in defence, read article No. 976 of General Treasury Regulations, which provides that errors in computation of duties settled can only be corrected with sanction of the Department, and which also provides that "when the correction of such error is claimed without proof of protest, as required in all other claims for return of excess of duty paid, such claim cannot be entertained and considered by the Department unless it appear by the certified statement of the Collector that it has been presented to the Collector *within one year* from the time of payment of the duties alleged to have been exacted in error." He claimed that the presentation of the claim in this case was not within the year. He also called attention of the Court to the fact that no protest was filed by the plaintiffs, and suggested that, under existing acts of Congress, no suit could be maintained in this Court against a Collector to enforce recovery of money illegally exacted and paid as and for duty, unless a protest in writing was fixed by the importer at time of payment. He read and commented on the statute, which he said, however harsh it might be, was nevertheless a bar to any legal proceedings to recover back money paid as this was.

Judge NELSON thereupon charged the jury, in substance, that the facts in the case were not in dispute, and that upon the law he thought the plaintiffs ought to recover. There was strange carelessness at the Custom-house in exacting the duty a second time, and the plaintiffs had paid the money in ignorance that they had paid the amount before. The money last paid did not belong to the collector or to the government, but to the plaintiffs. *It was unaccountable to him how the government could seriously put up the one year regulation as a bar to payment. It was not honest. It was dishonest. If a man in ordinary transactions of business were thus to withhold money, he would be dishonest, and called so, and be brought into Court and compelled to pay it back.* In his opinion, the statute should not be construed to prevent collectors being brought in in the same way, and compelled to pay back money exacted under circumstances like those proven in this case.

The jury thereupon found a verdict for the plaintiffs for amount of claim and interest.

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